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# ***Daily Report***

## **China**

FBIS-CHI-88-146  
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29 July 1988

# Daily Report

## China

FBIS-CHI-88-146

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**General**

**Daily Urges Direct U.S.-Nicaraguan Talks**

HK2907074188 Beijing RENMIN RIBAO in Chinese  
25 Jul 88 p 6

["International Jottings" by Yan Zhong (1750 1813):  
"How Can One Go Back on One's Words?"]

[Text] On the occasion of the ninth anniversary of the Sandinista revolution on 19 July, Nicaraguan President Ortega once again demanded an immediate resumption of the U.S.-Nicaraguan bilateral talks, with the aim of normalizing U.S.-Nicaraguan relations. On the following day, however, the U.S. Government "immediately" refused this proposal.

The White House once made a statement in all seriousness asserting that the United States would resume direct talks with Nicaragua provided the Nicaraguan Government was willing to enter into direct talks with the contras. The Nicaraguan Government has held direct talks with the contras on many occasions and has even signed a cease-fire agreement. But the U.S. Government has not fulfilled its commitment. On the contrary, it incited the contras not to abide by the cease-fire agreement. Thus the U.S. Government used this as a pretext to refuse holding direct talks with Nicaragua.

A U.S. Department of State spokesman asserted that the Central American issue was not an affair between the United States and Nicaragua but a problem between the Nicaraguan Government and the contras and between Nicaragua and its neighboring countries; washing its hands of the matter. But as everyone is aware, the tense situation in Central America has resulted from the United States providing money and guns to set the Nicaraguans against each other. Its interference in Nicaragua's internal affairs is also an important factor causing the long delay in the peaceful settlement of the Central American issue.

Whoever tied the bell on the tiger should take it off. It is best for the U.S. Government to stop going back on its word and fulfil its commitment. The resumption of the U.S.-Nicaraguan direct talks for the purpose of normalizing their relations will, undoubtedly, be conducive to promoting the peace process in Central America.

**Castro Says Solution Near for Southwest Africa**

OW2807150288 Beijing XINHUA in English  
0206 GMT 28 Jul 88

[Text] Havana, July 27 (XINHUA)—Cuban President Fidel Castro declared Tuesday that a political solution in southwest Africa could be reached shortly.

He said that the foundation for a political solution to the conflict in southwest Africa has been laid and is progressing, and that there are prospects for a fair, dignified and honorable agreement between the warring parties.

Castro made the statement on the occasion of the 35th anniversary of the attack on the Moncada military barracks in the city of Santiago, Cuba, which marked the Cuban revolution.

During the four-way talks held two weeks ago in New York, Cuba, Angola, South Africa, and the United States signed a tentative agreement on a statement of principles that would govern future negotiations for comprehensive troop withdrawals.

However, the statement left unresolved the thorny question of the timetables during which Cuba and South Africa may pull out their troops from Angola and Namibia respectively.

Castro said that if an agreement is signed, Cuba and Angola will proceed to gradually remove their international contingent until a total withdrawal of their troops. But, the process will have to be carried out in stages, he added.

Cuban troops were sent to Angola in 1975, and its presence in Angola is now believed to number between 47,500 and 50,000.

Referring to latest offensive by Cuban and Angolan troops, Castro stated that it was not aimed at a military victory, but for a just political solution to the war.

He explained that Cuban and Angolan troops had to launch military operations in the region of Cuito Cuanavale in Angola to destroy South African and UNITA forces there.

The four-way talks started in early May. The previous rounds were held in London, Cairo and New York. The next round will be held August 2-4, in Geneva, Switzerland.

**Iran, Iraq Continue To Differ on Cease-Fire**

OW2907015488 Beijing XINHUA in English  
0028 GMT 28 Jul 88

[By Lei Lili]

[Text] United Nations, July 28 (XINHUA)—The president of the U.N. Security Council indicated here today that a U.N. mandatory ceasefire in the Iran-Iraq war may be imposed if the world body fails to bring the two warring sides to an agreed truce.

Answering questions from reporters, the president, Ambassador Paulo Nogueira-Batista of Brazil, said that Security Council Resolution 598 "gives the secretary-general and the council the authority to propose such measures."

He agreed that a mandatory ceasefire can be decided by Secretary-General Javier Perez de Cuellar without necessarily entailing the U.N. chief's current consultations with both Iranian and Iraqi foreign ministers.

Asked if he feels the Security Council can impose a ceasefire, the president said, "it can." "This is something which is in the resolution itself," he said.

He said that this is "because we are dealing with the situation in the context of a mandatory resolution of the Security Council. So the Security Council and the secretary-general at one point in time will make a decision."

However, the president said, such measures "will have to be taken in an understanding with the parties, because we want to ensure the parties' cooperation."

Asked what if the parties do not comply with such measures, Nogueira-Batista said, "The decision will be taken in a political context, making sure that the decision will be enforced."

In a statement later in the afternoon, the president also said that after informal consultations this afternoon, members of the council expressed its support for the efforts of the secretary-general to implement Resolution 598 "in the context of the broad mandate given to him in that resolution."

The president's remarks came at a time when Iran and Iraq differed from each other on a ceasefire in their separate talks with the secretary-general.

Iraq insists on face-to-face talks with Iran before a ceasefire while Iran says there must be no such talks before a ceasefire.

Iranian Ambassador to the United Nations Mohammad Mahallati told reporters this afternoon that both the secretary-general and president of the council have expressed their concern over Iraq's insistence on direct talks.

He reiterated Iraq's position that it will not accept any preconditions, such as the Iraqi direct talks proposal, for the implementation of Resolution 598, which calls for an immediate ceasefire as the first step.

Meanwhile, in a statement issued here today, the Iraqi U.N. mission also reaffirmed that Iraq holds that peace between Iran and Iraq "can only be achieved through face-to-face negotiations under the auspices of the secretary-general."

According to a U.N. spokesman, the secretary-general and the president of the Security Council will meet this evening to discuss the latest developments concerning implementation of Resolution 598.

The U.N. chief is also expected to resume his talks with both Iranian and Iraqi foreign ministers tomorrow.

## United States & Canada

### Chinese Commodities Center To Open in U.S.

OW2807152988 Beijing XINHUA in English  
1338 GMT 28 Jul 88

[Text] Beijing, July 28 (XINHUA)—A Chinese commodities exhibition center aimed at helping China's small and medium-sized enterprises enter the world market is expected to be set up in the midwestern American city of Tulsa this October.

The center is being co-sponsored by the China-U.S. Liaison Committee for International Enterprises and the Tulsa Global Trade Federation.

Located in a local commercial building, the center will cover a total floor space of 9,000 square feet with display tables, conference rooms and an exhibition hall.

He Weiling, general manager of the China-U.S. Liaison Committee for International Enterprises, said that so far 17 Chinese enterprise groups from 11 provinces have signed up to put their products, ranging from light industrial goods, electronic equipment, machines, medicines and chemicals to textiles and fine arts on display.

The center has also drawn strong interest from 600 shops, trade centers and chambers of commerce located in ten Midwestern American states. Many of them have expressed their hope to find business partners among the Chinese rural enterprises and small and medium-sized urban enterprises.

### Sino-U.S. Economic Symposium 'Sidelights' Viewed

HK2907005088 Beijing RENMIN RIBAO in Chinese  
23 Jul 88 p 2

["Newsletter" by RENMIN RIBAO reporter Ji Honggeng (6060 3126 6342): "A High-Level Dialogue—Sidelights on the Symposium on Sino-U.S. Economic Cooperation"]

[Text] In mid-July, due to the symposium on Sino-U.S. economic cooperation, the usually quiet and beautiful Diaoyutai State Guesthouse in Beijing seemed to be busy. The meeting was held at a high level, the rhythm was lively, and the discussion was highly efficient. Both the Chinese and U.S. sides were pleased with it.

#### A Solid "Cube" [subhead]

Some people likened the symposium to a "cube" rather than a square. Although the delegates of both countries numbered only about 40 people in all, it can be said without exaggeration that the meeting had both height and depth and was fairly solid.

The U.S. participants included the chairmen and vice chairmen of the boards of directors or presidents of 13 major, world-famous companies. The chairman of the board of directors of the Canada Aluminum Corporation also attended the meeting. The governor of New Jersey also attended the meeting. The annual turnovers of the dozen or so big companies come to more than \$100 billion. Though few in number, they have enormous capacity for maneuver. For example, the Atlantic Richfield Corporation, the International Telephone & Telegraph Corporation, the Westinghouse Electric Corporation, and Xerox Corporation are familiar to the Chinese. The organizers of the meeting, namely, Rong Yiren, chairman of the Board of Directors of the China International Trust and Investment Corporation, and Henry Kissinger of the U.S.-Chinese Association, expressed this idea: Braving the intense heat of summer, these major entrepreneurs made light of travelling 10,000 li to attend a meeting, which was scheduled to last 3 days, 2 of which fell on Saturday and Sunday, to which Westerners attached great importance. Instead of coming to China to spend their holidays, they "worked overtime" and their work schedules were full. This in itself showed the importance they attached to strengthening Sino-U.S. economic cooperation and their sincerity.

High levels met together with sincerity. On the Chinese side, the responsible persons of nine ministries and commissions were present at the meeting almost every day and all the delegates from 12 coastal provinces and cities concentrated their attention on it.

#### The Theme Song [subhead]

The theme of the meeting was to increase understanding, with each airing his own views without mincing words.

The meeting did not make arrangements for discussions on any projects but the results were incomparably superior to specific projects. Rong Yiren said: If we have a mutual understanding, it will be easier to cooperate further in the future. In truth, there were other activities outside the meeting. The Atlantic Richfield Corporation and the China National Offshore Oil Corporation reached in principle an agreement for the joint development of the Yacheng 13-1 natural gas in southern Hainan, on which talks have been going on for many years.

In an article written with another person and published in U.S. FOREIGN AFFAIRS journal, Kissinger said: From a long-term point of view, given a market with over 1 billion people and an increasingly open economy, we have reasons to adopt an optimistic attitude toward the prospects of trade and investment in China. In his view, advanced U.S. technological power can play a special role in China's economic development. During the meeting, he repeatedly said that a powerful China is in the interests of the United States and is conducive to world peace. He called on the U.S. Government to ease controls over technological transfer to China and to treat China as a friendly nonaligned state.

The United States has become China's third major trading partner, second only to Hong Kong and Japan. It ranks first in the world in terms of investment projects and agreement amounts in China. However, this is not commensurate with the populations, resources, and the general production levels of the two countries. There is still great potential. Naturally, there are also obstructions to be overcome.

Ji Guobiao, vice minister of textile industry, said: The United States has placed excessively strict restrictions on the export of China's textiles. The United States annually imports some \$30 billion worth of textiles, of which China accounts for only \$1.2 billion or 4 percent. In 1980 it set quotas only for eight categories of China's textiles exported to the United States; now the categories under quota have increased to 146, half of which are primary products. This is too harsh. It has forced us to reduce textile exports to the United States this year, which is obviously detrimental to economic cooperation between the two countries.

The Chinese side also hoped that cooperation in production and investment between the two countries should advance toward the high-technology field. The chemical industry department hoped that the United States would not only attach importance to our resources but also supply us with processing equipment. A delegate from Shanghai said that Shanghai has qualified personnel who are capable and are willing to accept new things. He hoped that U.S. investors would bring in advanced methods of management and new market concepts.

At the symposium major U.S. entrepreneurs did not put forward any demands on China's preferential policies. They concentrated their views on China's investment environment, such as low work efficiency, bureaucratism, and poor service. Someone said: Time is money and some people are often daunted by the cost of procrastination. Others said: Bureaucratism has complicated the process of approval for a project. Kearns, chairman of the Board of Directors of Xerox Corporation, said: You make a decision at the first level but it may be negated at the eighth or ninth level. Gao Shangquan, vice minister of the State Commission for Restructuring Economic System, held that the emergence of this phenomenon is chiefly due to the lack of a legal system. Cunningham, vice chairman of the Board of Directors of Kissinger Corporation, said: Improving service should be as important as improving production. They are inseparable and are interdependent. He cited an example of training and said with humor: We have made a lot of efforts to train competent people for China but they have been assigned to other jobs. His remarks brought laughter to the delegates and made them do some hard thinking.



#### Have Tomorrow in View [subhead]

Sincere and frank dialogues and exchange of views made the atmosphere at the symposium both friendly and harmonious. Calver, chairman of the Board of Directors and Senior Executive of the Canada Aluminum Corporation, put it well when he said: Since China has closed itself to the outside world for over 3 decades, we should not set too high a demand. He quoted a old Chinese saying: "A thousand-li journey is started by taking the first step." If China can take the first step successfully in its price reform, the reform path will not be too long. He has confidence in China.

Indeed, the Chinese Government is devoting itself to solving the problems the U.S. side has put forward and the difficulties they are facing. Vice Premier Tian Jiyun told the American friends: The backward, bureaucratic operational mechanism will end sooner or later in the course of reform. The competition mechanism should be introduced to various economic fields so as to end the old structure as soon as possible.

Let your eyes range far over long vistas. China's investment environment, especially the intangible environment, should indeed be further improved. At the meeting this reporter has learned a piece of good news to the effect that a noted figure in Southeast Asia who once took up a leading government position recently inspected the Zhu Jiang delta. He held that the investment environment and work efficiency in the area are already comparable to those in any Southeast Asian country. Isn't a good omen today a prelude to what will come tomorrow?

#### Effects of Shultz' Far East Tour on U.S. Policy HK2807142588 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 30, 25 Jul 88

[Article by Li Zeren (2621 3419 0086) and Guo Zhengping (6753 3630 1627): "The United States Is Urgently Readjusting Its Policy Toward the Asia-Pacific Region"]

[Text] This summer the Asia-Pacific region is terribly hot. After reporting to President Reagan on his visit to four Central American countries, U.S. Secretary of State George Shultz packed his luggage and left Washington on the evening of 5 July to start his visit to nine countries and regions in the Asia-Pacific area, including Thailand, Malaysia, Indonesia, the Philippines, Hong Kong, China, South Korea, Japan, and the newly established Republic of the Marshall Islands. Shultz' visit to the Asia-Pacific region lasted over half a month and covered tens of thousands of miles. This is the longest formal visit Shultz has paid to the Asia-Pacific region on behalf of the U.S. Department of State, and it is also Shultz' last official visit to the Asia-Pacific region as the U.S. secretary of state. Thus, Shultz' visit to the Asia-Pacific region attracted wide attention.

In Thailand, Shultz attended the ASEAN foreign ministers conference, was entertained by the king of Thailand, and discussed the question of Cambodia with Thai Prime Minister Prem Tinasulanon and Prince Norodom Sihanouk. In the Philippines, Shultz held a series of talks with President Corason Aquino, the leader of the Senate, the leader of the House of Representatives, the foreign minister, the defense minister, and so on, on the questions of U.S.-Philippine relations and the U.S. military bases in the Philippines.

From 14 July to 16 July, Shultz visited China. This was his fourth visit to China since he took office as the U.S. secretary of state. Shultz met with Chinese leaders Zhao Ziyang, Deng Xiaoping, Li Peng, Tian Jiyun, and Wu Xueqian. He exchanged views with the Chinese leaders on many bilateral and international issues, such as Sino-U.S. trade, the Cambodian question, the disarmament question, the Afghan question, and so on. Shultz expressed the belief that over the past few years, although there have been some problems, Sino-U.S. relations have developed to a mature stage. The current situation of the Sino-U.S. relations is good. Now there is a sound basis for the steady and sustained development of Sino-U.S. relations. Chinese Foreign Minister Qian Qichen said that Shultz' visit deepened the mutual understanding and trust between China and the United States and that it was of positive significance to the steady development of Sino-U.S. relations. In Seoul, Shultz discussed with the South Korean leaders the situation on the Korean peninsula, the question of democracy and human rights in South Korea, the Seoul Summer Olympic Games, and so on. In Japan, Shultz exchanged views with the Japanese leaders on the question of Japanese-U.S. trade relations and other questions of common concern.

According to the analysis of observers, the purpose of Shultz' visit to the Asia-Pacific region can be summed up in the following four points: 1. To carry out an on-the-spot investigation on the situation in the Asia-Pacific region, especially to show the United States' special interest in the ASEAN countries, and make preparations for the United States to readjust its policy toward the Asia-Pacific region. 2. To seek a political solution to the Cambodian question and accelerate such a process. 3. To put down the recent anti-U.S. emotions in the Philippines and South Korea and strengthen political, economic, trade, and even military contacts with the countries and regions in the Asia-Pacific region, especially the ASEAN countries, Japan, and South Korea. 4. To try to ask the countries and regions in the Asia-Pacific area to learn from and imitate Japan's economic development, and eliminate or reduce the concerns of the countries and regions in the Asia-Pacific region about the rapid expansion of the Japanese military strength and the possibility of Japan becoming a "big political power" and "a big military power." Some people think that another purpose of Shultz' visit was to make more political achievements for the Reagan administration, whose term in office will soon expire, so as to bring a turn for the better in the domestic situation in the United States, win the support of Asian Americans, indirectly influence the November U.S. general elections, and win more voters for the Republican Party.

The Asia-Pacific region is rich in sea and land resources, has a large labor force, as well as having powerful industries and rapidly rising science and technologies. Thus, the region is one of the rapidly developing regions in the world. Over the past few years, the trend of European unity has been accelerated, and Europe has become a strong force in the world competing with the United States. According to the estimates of Western economists, economically speaking, Asia is more important to the United States than Europe. In 1984, the volume of trade between the United States and Asia reached \$116 billion, exceeding the volume of trade between the United States and Europe. Over the past few years, the trade between the United States and Asia has been further expanded. The Asia-Pacific region has experienced rapid economic development. The contacts among the countries and regions of the Asia-Pacific region have been further strengthened. As a result, the position of the Asia-Pacific region and the role played by it in the international community have been continuously strengthened. Therefore, the United States is now paying great attention to the region.

The U.S. policy toward the Asia-Pacific region is part of its global strategy. The main policy and method adopted by the United States in its contention with the Soviet Union in the Asia-Pacific region is to rely mainly on Japan and strengthen the U.S. military strength in the region. Over the past few years, under the influence of Mr Gorbachev's new ideology, the Soviet Union has adopted a conciliatory attitude toward the Asia-Pacific region, formulated and implemented a new policy toward the Asia-Pacific region, and advanced toward the Pacific Ocean with a "smiling face." Because of the changes in the Soviet policy toward the Asia-Pacific region, in order to maintain its role and continue to exert its influence in the region, the present U.S. policy has to be updated. Some people predict that along with the economic, scientific, and technological development of the Asia-Pacific region, the focal point of the U.S. foreign policy is being quietly shifted from Europe to Asia. This change in the U.S. foreign policy will determine the basic orientation of the future U.S. foreign policy. As to whether this prediction is correct or not, we have to wait and see. However, it is quite understandable that the United States will urgently try to readjust its policy toward the Asia-Pacific region in light of the development of the situation in the region and according to its own needs.

**U.S. Encouraged by Cambodian Dialogue**  
*OW2907004288 Beijing XINHUA in English*  
2339 GMT 28 Jul 88

[Text] Washington, July 28 (XINHUA)—The United States is encouraged that the Jakarta informal meeting brought together the Kampuchean factions and Vietnam for the first time to discuss the issues involved in the Kampuchea settlement, the State Department said today.

State Department Spokesman Charles Redman, speaking at a regular press briefing here, said "we're also encouraged that the participants, during their four-day meeting, appeared to have approached agreement on general principles for achieving an acceptable resolution of the conflict."

The informal peace talks on Kampuchea, held in Bogor, Indonesia, ended today with no joint communique but a decision on follow-up action of the meeting.

According to the U.S. spokesman, a working group, consisting of representatives of the four Kampuchean parties, Vietnam, Laos and the six ASEAN (Association of Southeast Asian Nations) states, will examine in detail proposals for a settlement, and recommend by the end of the year whether to convene another meeting.

"We'll be watching the sessions of the working group carefully as a gauge of progress toward resolution of the problems," Redman said.

The United States has maintained that a complete Vietnamese withdrawal from Kampuchea and free and fair elections and a secure atmosphere are essential conditions for a lasting solution to the Kampuchea conflict.

**U.S., USSR Officials To Discuss African Problems**  
*OW2907015688 Beijing XINHUA in English*  
2347 GMT 28 Jul 88

[Text] Washington, July 28 (XINHUA)—Assistant U.S. Secretary of State Chester Crocker will meet with Soviet Deputy Foreign Minister Anatoliy Adamishin in Geneva July 31 to August 1 for consultations on African problems, the State Department announced today.

The meeting will focus on the effort underway to achieve a settlement of the conflict in Angola. Charles Redman, a State Department spokesman, said and added the situation in the Horn of Africa will also be on the agenda.

Following this meeting, Redman said, senior expert level delegations of the United States, South Africa, and Angola-Cuba will meet in Geneva August 2 to resume the negotiations aimed at achieving a settlement of the Angola-Namibia conflict. The American delegation will be led by Chester Crocker, who is regarded as a top African expert in the State Department.

"The meeting in Geneva is a continuation of previous rounds of negotiations held in London, Cairo, New York, and Cape Verde," Redman said.

"The objective of the talks in Geneva will be to build on the statement of principles agreed to in New York, and to begin the process of translating these principles into actual agreement," the spokesman said.



After U.S.-mediated negotiations in New York earlier this month, Angola, Cuba and South Africa on July 20 announced an agreement in principle for the withdrawal of foreign troops from Angola and independence for Namibia, which has been ruled by Pretoria for 73 years.

**Bush Campaign High on President Reagan's Agenda**  
*OW2907054188 Beijing XINHUA in English*  
0106 GMT 29 Jul 88

[Text] Washington, July 28 (XINHUA)—Campaigning for Vice-President George Bush and other Republicans for Senate and House seats is high on the agenda for U.S. President Ronald Reagan in the final six months of his presidency.

Press reports here said that the White House is working on a political strategy that will keep Reagan active and in the limelight in the remaining months of his presidency.

Massachusetts Governor Michael Dukakis was nominated by the Democratic Party last week to compete with Bush who is expecting to be nominated by the Republican Party at the convention next month.

Reagan plans to go out on the campaign two days a week after the summer recess of the U.S. Congress.

All the House members and one-third of the senators face re-election this year.

Under heavy attacks from the Democrats, Reagan's primary task will be one of "keeping the record straight" on such issues as economic growth, job creation, and improved superpower relations.

Richard Wirthlin, Reagan's pollster, said Reagan's campaign message has to be threefold: Noting Reagan-Bush accomplishments; stressing that Bush does represent change; and citing specific cases where Bush has had successes, including progress on the antidrug front.

"I don't think the President should attack Dukakis," Wirthlin said, "but he can defend what has been done and the consequences of a wrong choice."

"And he can influence the turnout by speaking to the true believers, especially young people," Wirthlin said.

### Soviet Union

**Yang Shangkun Reportedly To Meet With Gromyko**  
*HK2907104488 Hong Kong AFP in English 1033 GMT*  
29 Jul 88

[Text] Beijing, July 29 (AFP)—Chinese President Yang Shangkun will meet Soviet President Andrei Gromyko in Pyongyang in September, East European sources said here Friday.

The meeting, the first at such a high level between Moscow and Beijing officials since the 1960's, will mark North Korea's 40th anniversary on September 9, the sources said.

Beijing and Moscow, which began normalizing relations in 1982, have had numerous exchanges of visits, but none at a rank higher than vice premier.

The Chinese and Soviet foreign ministers meet every year in New York during the General Assembly of the United Nations.

Observers noted, however, that the Chinese and Soviet presidents' posts are honorary only.

The two communist giants parted ways in the 1960's over ideological differences which have been aggravated since by geo-strategic antagonism.

Chinese and Soviet negotiators are expected to meet at the end of August to discuss the peace process in Cambodia, a meeting Western diplomats say is another sign of improved relations that could eventually lead to a summit between the Chinese and Soviet leaders, Deng Xiaoping and Mikhail Gorbachev.

**'Sources' Expect Central Committee Changes**  
*OW2907080588 Beijing XINHUA in English*  
0730 GMT 29 Jul 88

[Text] Moscow, July 29 (XINHUA)—The Soviet Communist Party Central Committee today started a plenary session to discuss measures to carry out the resolutions on reform adopted by a party conference a month ago.

The 19th party conference, held from June 28 to July 1, passed a package of seven resolutions designed to advance the country's perestroika (restructuring) drive. The most important resolution was on reform of the Soviet political structure.

Soviet leader Mikhail Gorbachev said Wednesday that the plenum will also discuss how to speed up consumer goods production to meet the people's demands. Well-informed Soviet sources said personnel changes will be made in the Central Committee at its plenum, the third this year.

**USSR Refutes General's Views on Afghanistan**  
*OW2907050688 Beijing XINHUA in English*  
0053 GMT 28 Jul 88

[Text] Moscow, July 28 (XINHUA)—The Soviet Foreign Ministry disagrees with a Soviet Army general's recent observation that the Kabul regime's troops will not be able to match the rebels once Soviet troops leave Afghanistan.

A Foreign Ministry spokesman said Thursday that Major General Kim Tsagolov's remarks, published by the Soviet weekly "OGONEK" at the weekend, represent only his personal viewpoint on Afghanistan.

According to the official Soviet News Agency TASS, the spokesman said the Soviet leadership maintains that the Kabul regime enjoys "a solid position" in Afghanistan and the Soviet Union "firmly believes that the policy of national reconciliation will win victory in Afghanistan."

It is a common phenomenon in today's Soviet Union that people can express diverging views on political issues, and the publication of General Tsagolov's remarks was only the business of "OGONEK," the spokesman said.

The weekly magazine carried General Tsagolov's deeply pessimistic assessment of the Kabul regime's prospects. His criticism was at variance with Moscow's official line.

Tsagolov, who served as a military adviser in Afghanistan from 1981 to 1984 and in 1987, said the "April Revolution," which brought the People's Democratic Party of Afghanistan to power in 1978, was actually a coup.

People were disappointed with the Kabul regime's political and religious friction, the general said, adding that its attempts to mend relations with the "opposition party" are not feasible.

### Northeast Asia

**South Korean Bankers in Beijing For Trade Talks**  
*OW2907055388 Tokyo KYODO in English*  
0439 GMT 29 Jul 88

[Text] Hong Kong, July 29 KYODO—A delegation of South Korean bankers left Hong Kong Friday for Beijing for discussions with Chinese banks on boosting business exchanges between the two countries, diplomatic sources said.

The group of eight bankers comprising five representatives of South Korean bank branches in Hong Kong and three from banks in Seoul will discuss trade settlement problems with their Chinese counterparts, the sources in Hong Kong said.

Lack of diplomatic ties or direct contacts between China and South Korea has created difficulties for trade between China and South Korea, which has expanded rapidly in recent years.

Indirect trade through Hong Kong, which accounts for most of the trade between the two, was valued at 1.2 billion dollars in 1987.

During their one-week visit to Beijing and Shanghai, the Korean bankers will also explore ways of boosting trade and will study the financial situation in China, the sources said.

**Japan To Aid South Korea Expand Ties With DPRK**  
*OW2807134888 Tokyo KYODO in English*  
1053 GMT 28 Jul 88

[Text] Tokyo, July 28 KYODO—Japan agreed Thursday to assist South Korea in expanding its ties with North Korea, China, and the Soviet Union in order to contribute to a lessening of tensions in the region, Japanese officials said.

Japan's Deputy Foreign Minister Takakazu Kuriyama made the agreement in consultations with his South Korean counterpart Kim Sok-u first assistant minister of foreign affairs, at the Japanese Foreign Ministry.

The two briefed each other on their respective relations with the United States, China, the Soviet Union, and North Korea, the officials said.

Kim told Kuriyama whatever Japan can do to lessen tension on the Korean peninsula would be welcomed by the South Korean Government, the officials said.

Kim referred Kuriyama to South Korean President No Tae-u's July 7 announcement of a new conciliatory policy toward the North, in which No pledged that Seoul would take steps to promote ties between Pyongyang and countries in the Western camp friendly with South Korea.

Kuriyama responded that pending issues between Tokyo and Pyongyang pose obstacles to making sudden changes in Japan's posture but that Japan would investigate steps it could take toward that end. Japan maintains no diplomatic relations with the North.

On expanding trade ties between Seoul and Beijing, Kim said relations between the two countries have still not reached the stage at which they could establish trade representative offices but that relations were steadily improving.

Kuriyama also briefed Kim on Japanese Prime Minister Noboru Takeshita's planned official visit to China scheduled for late August and on former Prime Minister Yasuhiro Nakasone's recent meeting with Soviet leader Mikhail Gorbachev in Moscow.

Both sides lauded the changes that appear to be occurring in the Soviet Union under Gorbachev as well as in other socialist nations but expressed concern about Soviet intentions in Asia.

On pending problems between South Korea and Japan, Seoul called on Japan to resolve bilateral dispute such as the question of Japanese compensation to South Korean victims of the atomic bombings at Hiroshima and Nagasaki.

Kim was speaking in reference to South Koreans who were forced to come to Japan to labor for the Japanese war effort when Korea was under Japanese rule.

Speaking on behalf of South Korean residents in Japan who have allegedly been subject to various discriminatory measures, Kim called for an improvement in their treatment.

Kim also asked that Japan to do what it can to help repatriate Koreans stranded after the war on the Soviet island of Sakhalin, north of Hokkaido.

Kuriyama vowed to bring the subject up in consultations with the Soviet Union.

He also said Japan will endeavor to resolve the issues surrounding Koreans affected by Japan's former military ambitions.

Kuriyama and Kim agreed on the importance of their relations with the United States. Kim expressed anxiety that young Koreans are not aware of the historical background and future significance of the relationship.

#### **Bilateral Trade With Japanese Business Expands**

OW2807230888 Beijing XINHUA in English  
1345 GMT 28 Jul 88

[Text] Beijing, July 28 (XINHUA)—The Sumitomo Corporation, one of Japan's nine biggest businesses, has expanded trade with China in recent years, laying emphasis on helping China develop its export trade, said Sumitomo's President Tadashi Ito at a banquet here this evening.

In the past three years, the number of Sumitomo's China-based offices has grown to eight from five, employing 182 people as against 60 in the past, Tadashi Ito said.

Meanwhile, the corporation has dramatically increased its import from China, XINHUA learned. It also has conducted cooperation with China in such forms as compensation trade, processing and assembling with supplied materials, parts and designs. The corporation has contracted some big projects in China, too.

The Sumitomo Corporation had developed close ties with China before the normalization of Sino-Japanese relations and has conducted even better cooperation with China in recent years, an official from the China Chamber of International Commerce said on the occasion.

Tadashi Ito was hosting a banquet at the Great Hall of the People for the incoming of Hikoji Ikeda, and outgoing of Masami Suzuki, as Sumitomo's general manager for China.

Chinese officials and business executives from relevant departments attended the banquet.

#### **Japan Plans To Ease Sanctions Against DPRK**

OW2807132788 Beijing XINHUA in English  
1014 GMT 28 Jul 88

[Text] Tokyo, July 28 (XINHUA)—Japan is planning to ease sanctions against the Democratic People's Republic of Korea (DPRK) in a bid to win the release of two Japanese seamen detained four years ago on espionage charges, the KYODO News Service reported today.

The Japanese Government is also planning to expand personnel exchanges between the two countries, KYODO quoted government sources as saying.

A package of Japanese sanctions against DPRK, imposed last January 26 on charge of a plane crash incident, restricted contacts between Japanese and DPRK officials in third countries and bars Japanese Government employees from visiting the country.

The package also will not allow in principle the DPRK officials to enter Japan and imposes strict checks on shore leave for crew members of the DPRK ships that call Japanese ports.

#### **DPRK's Kye Ung-tae Meets Youth Delegation**

OW2807141788 Beijing XINHUA in English  
1212 GMT 28 Jul 88

[Text] Pyongyang, July 28 (XINHUA)—Kye Ung-tae, secretary of the Secretariat of the Central Committee of the Workers' Party of Korea met here this afternoon with the Chinese youth delegation headed by Liu Qibao, secretary of the Central Committee of the Chinese Communist Youth League.

Welcoming the Chinese youth delegation to visit Korea, Kye Ung-tae said that to strengthen the Sino-Korean friendship needs joint efforts of the youth of the two countries.

The Chinese youth delegation arrived here on July 20 and will leave for home on July 31.

#### **DPRK Liberation Anniversary Marked in Beijing**

OW2807121688 Beijing XINHUA in English  
1444 GMT 27 Jul 88

[Text] Beijing, July 27 (XINHUA)—Choe Pong-chol, charge d'affaires ad interim of the Embassy of the Democratic People's Republic of Korea in Beijing, gave a film reception at the Embassy here this evening in celebration of the 35th anniversary of the victory of the Korean Liberation War.



Among some 100 Chinese guests present on the occasion were Vice Foreign Minister Liu Shuqing, deputy director of the General Political Department of the Chinese People's Liberation Army Zhou Keyu, and Li Chengren, deputy head of the International Liaison Department of the Chinese Communist Party Central Committee.

A Korean documentary on the final stages of the war was shown at the reception.

**CPV Member At Pyongyang Armistice Anniversary**  
*OW2907050188 Beijing XINHUA Domestic Service*  
*in Chinese 1621 GMT 26 Jul 88*

[By correspondent Zheng Baoqin]

[Text] Pyongyang, 26 Jul (XINHUA)—A central report meeting marking the 35th anniversary of the victory of the war to liberate the fatherland was held today at the "8 February" Palace of Culture in Pyongyang.

General Choe Kwang, alternate member of the Political Bureau of the Central Committee of the Workers Party of Korea [WPK] and chief of general staff of the Korean People's Army, delivered a report at the meeting to mark the occasion. On the course and significance of the war to liberate the fatherland from 25 June 1950 to 27 July 1953, he said: In the most difficult days of the war, the fraternal Chinese people, holding high the banner of "resisting U.S. aggression and aiding Korea," sent their volunteers to aid us with their blood. The Korean people will always remember the proletarian internationalist spirit displayed by the Chinese People's Volunteers [CPV].

Choe Kwang said: In the past 35 years since the armistice, the WPK and the Korean Government have pushed forward the construction of the fatherland. Thus, the DPRK has now become an economically prosperous and developed country.

On the reunification of Korea, Choe Kwang said: The Korean people have put forward many reasonable plans for the independent and peaceful reunification of their fatherland and have made efforts in this regard. However, peace has not yet been achieved in Korea, which still remains divided.

Choe Kwang criticized the United States and the South Korean authorities for their conspiratorial activities to create "two Koreas" and to perpetuate the division of Korea. He said: The Korean people ardently love peace but are by no means afraid of war. If the United States and the South Korean authorities continue to humiliate [wu ru 0185 6592] us, we will not stand by with folded arms [xiu shou pang guan 5918 2087 2460 6034]. If they launch a new war, then we will retaliate a thousand times. The WPK and the Korean Government and people will, as always, continue to make positive efforts to relax the tension on the Korean peninsula and to

realize the independent and peaceful reunification of the fatherland. Choe Kwang strongly advocated the withdrawal of U.S. troops from South Korea.

Choe Kwang said: The Korean people will continue to hold high the anti-imperialist and antiwar banner and strive to safeguard peace in Asia and the world and to make the Korean Peninsula a nuclear-free zone of peace.

Korean party and government leaders Yi Kun-mo, Yi Chong-ok, Kim Yong-nam, and Kye Ung-tae, as well as more than 600 people of various walks of life and members of the Korean People's Army attended today's meeting.

Diplomatic envoys and military attaches of various countries in Korea and foreign delegations visiting the country attended the meeting on invitation. Tian Sheng, member of the Chinese People's Volunteers on the Korean Military Armistice Commission, made a special trip from Kaesong to Pyongyang to attend the meeting.

**Ethiopian President Arrives in Pyongyang**  
*OW2807134788 Beijing XINHUA in English*  
*1223 GMT 28 Jul 88*

[Text] Pyongyang, July 28 (XINHUA)—Ethiopian President Mengistu Haile-Mariam arrived here today on a goodwill visit to the Democratic People's Republic of Korea (DPRK).

The Ethiopian president is paying the visit at the invitation of DPRK President Kim Il Song, the KOREAN CENTRAL NEWS AGENCY KCNA said.

The delegation led by Mengistu Haile-Mariam, also general secretary of the Central Committee of Worker's Party of Ethiopia, was received at the airport by DPRK Vice-President Yi Chong-ok and other party and government officials, KCNA said.

**Southeast Asia & Pacific**

**Sprattly Islands Postal Service To Begin 1 Aug**  
*OW2907074188 Beijing XINHUA in English*  
*0704 GMT 29 Jul 88*

[Text] Haikou, July 29 (XINHUA)—China's Posts and Telecommunications Administration of Hainan Province announced today a post office will open for business the first of next month on China's southernmost territory, the Nansha [Sprattly] Islands.

**Informal Talks on Cambodia End in Bogor 28 Jul**

**Son Sann on SRV Withdrawal**  
*OW2807192988 Beijing XINHUA in English*  
1741 GMT 27 Jul 88

[Text] Bogor, Indonesia, July 27 (XINHUA)—Son Sann, prime minister of the Coalition Government of Democratic Kampuchea (CGDK) said here this evening that the Vietnamese troop withdrawal from Kampuchea should be supervised by the international community.

He made the remark at a press conference here at the end of the third day of the Jakarta informal meeting on Kampuchea which is being held in this hill resort city, some 60 kilometers south of Jakarta.

Son Sann said that Vietnamese Foreign Minister Nguyen Co Thach "has made a unilateral announcement of settlement. For me it is not sufficient because who will supervise the withdrawal of Vietnamese troops."

"What we want is that the withdrawal of Vietnamese troops will lead to real peace in Kampuchea. So we have to negotiate," he said.

Son Sann stressed that Vietnam has "to tell us exactly the time-table of the withdrawal of its troops." "How can I be sure that from now to 1990 the Vietnamese troops will be withdrawn, all the weapons and ammunition will be moved outside Kampuchea," he noted.

He stated "we want a negotiated withdrawal with the supervision of an international body."

However, Vietnamese Foreign Minister Nguyen Co Thach has reportedly refused to talk to the CGDK leaders and stuck to his position that Vietnam will only attend the second stage of the Jakarta informal meeting.

It is noted that by doing so Vietnam is trying to disguise itself as an "outsider" of the Kampuchean conflict which was brought about by the Vietnamese invasion in late 1978.

At the first day of the Jakarta informal meeting, Son Sann called on Vietnam to totally withdraw its troops from Kampuchea "within a short period of time."

"For Cambodia (Kampuchea), the total withdrawal of foreign troops will bring about national reconciliation on all Cambodians (Kampuchians). It is the unanimous wish of all Cambodians at home and abroad to have that war ended as soon as possible so as to live in peace, harmony and unity within an independent, neutral and non-aligned Kampuchea and to rebuild their fatherland and improve the people's conditions of living," he said.

**Sihanouk 5-Point Proposal**

*HK2907092688 Beijing RENMIN RIBAO in Chinese*  
28 Jul 88 p 6

[Report: "Sihanouk Meets Representatives of Four Factions, Makes 5-Point Proposal on the Formation of a Quadripartite Government"]

[Text] Tokyo, 26 Jul (RENMIN RIBAO)—This reporter learned from the newspapers here that Prince Sihanouk, who is now visiting Jakarta, this afternoon held talks with the representatives of the four factions of Cambodia in the guesthouse where he was staying and put forth a new 5-point proposal on the formation of a quadripartite government. The new proposal is as follows:

1. The new country will be named "Cambodia," and its national flag and national anthem will be redesigned jointly by the four factions.
2. A quadripartite government will be formed, and various administrative organs, including ministries of foreign affairs and national defense, will be established. All these organs shall be equally quadripartite.
3. The military forces of the four parties will be organized to form a "national army of Cambodia," which will be commanded by a quadripartite general staff.
4. The new government will have, to begin with, the existing Heng Samrin regime as the foundation and gradually proceed to the transformation into a quadripartite administration.
5. Various countries concerned will hold an international conference on the Cambodian question so as to provide an international guarantee. An international organ, the "International Conference on Cambodia," will be established in order to supervise the new government for maintaining neutrality. This international organ will be under the leadership of the UN secretary general with the participation of the five permanent member countries of the UN Security Council, the six ASEAN states, Vietnam, Laos, the four Cambodian factions, Japan, India, and Australia. A supervisory committee will be established by the said international organ, which will exercise supervision over the withdrawal of foreign troops from Cambodia, the establishment of a new government through general elections, and the unification of the four armies of Cambodia.

**'Decision on Follow-Up Action'**

*OW2807135588 Beijing XINHUA in English*  
0946 GMT 28 Jul 88

[Text] Bogor, July 28 (XINHUA)—The Jakarta informal meeting on Kampuchea ended here today with no joint communique but a decision on follow-up action of the meeting.



According to the decision read out by Indonesian Foreign Minister Ali Alatas at a press conference after the end of the meeting, "The Jakarta informal meeting has agreed on the establishment of a working group of senior officials comprising all participants to examine specific aspects of a political solution to the Kampuchean problem."

"The working group should complete its work by December 1988 and make recommendations on the convening of another meeting," it said.

Alatas said that the purpose of the Jakarta meeting "was to provide a framework for informal discussions among the parties directly involved and other concerned countries in the search for a comprehensive, just and durable solution of the Kampuchean problem."

"There was a common understanding on the urgent need to end the sufferings of the Kampuchean people and to work towards the establishment of an independent, sovereign, peaceful, neutral and non-aligned Kampuchea on the basis of self-determination and national reconciliation," he said.

Present at the press conference were also Singapore Foreign Minister S. Dhanabalan, Prime Minister of the Coalition Government of Democratic Kampuchea (CGDK) Son Sann, and Vietnamese Foreign Minister Nguyen Co Thach.

Dhanabalan said that Singapore attended this meeting with an open mind in the hope that "there will be a serious addressing of the issues and a genuine attempt to find a political solution (to the Kampuchean problem) which means a genuine attempt to make compromise." "We did not expect that there will be any progress made if their push to this meeting was that one side or the other had to surrender. That is not the basis to find a solution," he said. "Therefore, we were prepared to overlook forms that frankly will not be acceptable to us, for example, the fiction that Vietnam is not an involved party but an interested party," he noted.

Dhanabalan said that some of the Kampuchean factions and Vietnam basically reiterated their old positions. In order to preserve the impression that it is an interested but not an involved party, many of Vietnam's points were made by Laos, which showed no compromise on the part of Vietnam, he added.

The Singapore foreign minister stressed that "what must be clear is that it is not possible for Singapore, or for that matter for ASEAN, to deliver what could not be achieved through military means."

"In other word," he explained, "it is not possible for Vietnam to defeat the resistance."

The Jakarta informal meeting which started on July 25 had discussed a wide range of elements in search of a political solution to the Kampuchean conflict, including the withdrawal of Vietnamese troops from Kampuchea, the formation of a quadripartite government and the establishment of an independent, non-aligned and neutral Kampuchea.

During the meeting, Vietnamese Foreign Minister Nguyen Co Thach kept on talking about "the cessation of foreign assistance to the Kampuchean resistance forces" and the elimination of the leaders of one party under the resistance government. He set these as conditions for Vietnamese troops withdrawal by 1989 or early 1990.

Singapore Foreign Minister Dhanabalan, however, pointed out on July 26 that "the withdrawal of Vietnamese forces from Cambodia (Kampuchea) is central to the solution of the Cambodian problem."

Mr. Son Sann, prime minister of the Coalition Government of Democratic Kampuchea (CGDK), told a press conference here last night that "the total withdrawal of Vietnamese troops from Kampuchea will bring about national reconciliation among all Cambodians" and that the Vietnamese troops could be withdrawn from Kampuchea "within a short period of time and a definite timetable, under international supervision, in the framework of an agreement."

Countering Thach's accusation on foreign assistance to the Kampuchean resistance forces, Thai Foreign Ministry Permanent Secretary M.R. Kasem S. Kasemsri stated that "we see it as not only our right but also our duty to help, in every way we can, a legitimate government which has been recognized by 117 member nations of the United Nations to rid itself of foreign aggression and occupation."

Informed foreign sources here said that divergences prevailed at the meeting here though it seemed to be a "break-ice" meeting which had pulled all the warring kampuchean factions and those directly and indirectly involved together. The meeting had only given a chance for the parties to express their views.

The sources pointed out that Nguyen Co Thach tried to make others believe that the obstacle for solving the Kampuchean problem is not on the Vietnamese side, but on the side of other parties which are not directly involved in the conflict. This is certainly not true.

#### SRV Deception Charged

OW2807120588 Beijing XINHUA in English  
1018 GMT 28 Jul 88

[Text] Bogor, Indonesia, July 28 (XINHUA)—Vice-President of Democratic Kampuchea Khieu Samphan said here today that during the Jakarta informal meeting

(JIM), Vietnamese Foreign Minister Nguyen Co Thach has given several press conferences aimed at deceiving the international community.

At a press conference given this morning at the end of the four-day meeting on Kampuchea in Bogor, some 60 kilometers south of Jakarta, Khieu Samphan said that Nguyen Co Thach said at his July 26 and 27 press conferences that JIM has agreed that there were two key issues of the problem of Kampuchea: One is the withdrawal of the Vietnamese forces and the other is the prevention of the Democratic Kampuchea Party from coming back to power. Nguyen Co Thach also said that the meeting has not yet agreed on any means for the prevention.

Khieu Samphan pointed out that according to such a linkage logic, Vietnam has now the right to keep its forces of invasion and occupation in Kampuchea as long as no means are yet found to prevent the Democratic Kampuchea Party from coming back to power.

"Indeed, Vietnam will try hard to impose its own conditions," he said.

Khieu Samphan said that actually, the overwhelming majority of the world community and the United Nations have been very clear that the problem of Kampuchea has been the result of the Vietnamese invasion and occupation.

The world community and the U.N. have also rejected all the pretexts advanced by Vietnam to justify its occupation of Kampuchea. Vietnam must unconditionally and totally withdraw its forces from Kampuchea, he said.

Khieu Samphan said that at JIM the three parties of the Coalition Government of Democratic Kampuchea have unanimously asked Nguyen Co Thach whether Vietnam agrees to withdraw all its forces from Kampuchea, within a definite time-table, under international supervision in the framework of an agreement on a comprehensive political settlement of the problem of Kampuchea.

However, this was rejected by Nguyen Co Thach, Khieu Samphan said.

He said "we have reiterated that we are always ready to cooperate with the ASEAN countries and the international community in the search of an efficient guarantee of the fair and loyal implementation of an eventual agreement on a comprehensive solution to the problem of Kampuchea, particularly on the means to prevent one party from eliminating another one and seizing the power for itself alone."

He said Nguyen Co Thach has also claimed that the four Kampuchean parties have reached an agreement on a wide range of issues.

Khieu Samphan said that by telling such a shameless lie, Nguyen Co Thach has testified that Vietnam continues to carry out perfidious maneuvers in order to occupy Kampuchea forever through its puppet regime installed in Phnom Penh in accordance with its Indochina federation strategy.

### **Sihanouk Expected in Beijing**

HK2907102288 Hong Kong AFP in English 1005 GMT  
29 Jul 88

[Text] Beijing, July 29 (AFP)—Cambodian resistance leader Prince Norodom Sihanouk is expected here Saturday, two days after an informal meeting in Indonesia on the Cambodian conflict, Western diplomats said Friday.

The diplomats said the prince will stay two days here on his way from Bangkok and will go on to North Korea.

It is not clear which Chinese leader will meet the prince following the conclusion of the first meeting of all the Cambodian factions and Vietnam.

Observers noted that the Beijing-backed Khmer Rouge, allied with the prince against the Vietnamese-backed government in Phnom Penh, found itself isolated at the informal meeting in Bogor, near Jakarta.

Prince Sihanouk leaves Beijing Monday for Pyongyang, where he has a residence.

China has not officially commented on the Bogor meeting. The official NEW CHINA NEWS AGENCY reported Thursday on the meeting saying that "disagreements prevailed" among the Cambodian factions.

China supports Prince Sihanouk and the communist Khmer Rouge despite the hostility the prince has expressed against his allies in the resistance coalition.

The Khmer Rouge are held responsible for the deaths of hundreds of thousands of Cambodians during their 1975-78 rule.

### **Editorial on 'Stalling Tactics'**

HK2907094588 Hong Kong WEN WEI PO in Chinese  
29 Jul 88 p 2

[Editorial: "Vietnam Is Still Resorting To Stalling Tactics—Comments on the Jakarta Cocktail Party"]

[Text] The Jakarta cocktail party on the Cambodian issue is over. The meeting decided to set up a working group, which is to be formed by high-ranking officials of the four Cambodian factions, to further explore methods for solving the Cambodian issue through political means. According to reports, the possibility of another cocktail party being held later this year has not been ruled out.

The most important achievement of this meeting is that the two sides, which have been at war for 9 and 1/2 years, came together to calmly discuss questions and to find methods to solve the Cambodian issue. Promoters of the meeting made a concession: Vietnam could save face and not take part in the first phase of the meeting, but it had to take part in the second phase of the discussion with the five ASEAN countries. Vietnam could have the spirit of "Ah Q" [the main character in Lu Xun's "The True Story of Ah Q," a backward peasant who interprets his defeats as moral victories] and regard itself as an "outsider." However, in reality, when the second phase of the meeting started, ASEAN and the three factions of Democratic Kampuchea all clearly pointed out that the Cambodia issue is not a question for the Cambodians alone, but a question between Cambodians and the Vietnamese. In essence, the issue is that Vietnam must announce a schedule for the withdrawal of its troops from Cambodia.

Vietnam took part in the meeting, and it was pressed to withdraw its troops as soon as possible. We can imagine Vietnam's dilemma in the course of these developments, from refusing to withdraw its troops to being willing to discuss with Democratic Kampuchea a plan for withdrawing its troops.

The five-point plan put forward by Norodom Sihanouk is seriously different from the seven-point plan put forward by Hun Sen. Hun Sen's plan is a plan drafted at Vietnam's suggestion. His plan also mentioned Vietnam's withdrawal of troops. However, this plan for the withdrawal of troops will be subject to certain conditions and will not be under international supervision. It demands that China, Thailand, and other countries stop giving military aid to the Khmer Rouge and other troops fighting against Vietnam. When this condition is met, Vietnam's troops will be completely withdrawn from Cambodia by the end of 1989 or the first quarter [di yi ji du 4574 0001 1323 1653] of 1990. Hun Sen's plan also agrees to establish a national reconciliation committee, which will be formed by the four factions of Cambodia and led by Sihanouk, to prepare for a general election. However, the political regime in Phnom Penh will not be dissolved before the general election, and the Khmer Rouge must be excluded from all plans for solving the issue.

Sihanouk's plan proposes the establishment of a four-party coalition government. It also suggests that all government departments are to be equally organized by the four factions and that the armies of the four factions be maintained. Moreover, the general election is to be held under international supervision.

The gap between the positions of the two sides was reduced by the four-day meeting. Vietnam and Hun Sen failed to exclude the Khmer Rouge from all plans for solving the issues. Finally, they agreed to establish a

four-party working committee. This means that they recognized that without the participation of the Khmer Rouge, a reconciliation of the Cambodian nation will not be achieved.

However, no progress was achieved on the most important issue—the withdrawal of Vietnam's troops. Vietnam used a cunning method at the cocktail party. It tried to draw ASEAN and Sihanouk over to its side in order to isolate the Khmer Rouge. It also intended to "exclude the Khmer Rouge from participating in any plans for resolving the issues," and to keep the meeting from discussing the earliest possible withdrawal of Vietnam's troops.

Vietnam's smug calculations were the following: If it could disarm the Kampuchean forces that are resisting Vietnam and then achieve an absolute advantageous position in the war, it would then have the initiative in the negotiations. Thus, it could drag out the issue of withdrawing its troops until a pro-Vietnam puppet regime is established. The Khmer Rouge is the main force resisting Vietnam's aggression. If the Khmer Rouge is excluded and its strength is weakened, Vietnam would control the Cambodian situation. Negotiations are just a strategy for Vietnam and a way to reduce the international pressure on it to withdraw its troops. Some countries also are vigilant toward the Khmer Rouge, and adopted a silent attitude toward Nguyen Co Thach's statement at a press conference that a "unanimous opinion was reached on the aspect of preventing the Khmer Rouge from reassuming power.

In fact, in order to get around Vietnam's capricious attitude on the issue of withdrawing its troops, important and less important contradictions should be solved in accordance with their seriousness and urgency. In the first phase, Vietnam must be pressed in all aspects to withdraw its troops. Only when Vietnam has withdrawn its troops can the question of setting up a four-party Cambodian coalition government be taken up. In the second phase, when the four-party coalition government is being organized, the possibility that one faction will monopolize power must be avoided, and the principle of equality among the four factions put forward by Sihanouk must be upheld. These can only be realized under international guarantees and supervision.

If the steps are not taken in an orderly manner, the results will be advantageous to Vietnam's stalling tactics.

**Zhejiang Shen Zulun Meets Australia's Hayden**  
OW2807181788 Hangzhou ZHEJIANG RIBAO  
in Chinese 15 Jul 88 P 1

[Text] Governor Shen Zulun yesterday evening met and entertained Australian Minister for Foreign Affairs and Trade William Hayden and his party at the Hangzhou Hotel.



Governor Shen Zulun told the Australian friends: Australia is a country with abundant natural resources. Australia is economically developed and occupies an important position in the Pacific region. Zhejiang is a Chinese coastal province with relatively good conditions for developing an export-targeted economy. Zhejiang will actively develop cooperation and exchange with Australia in the economic, trade, science, technological, and cultural fields in order to reach the goal of joint development.

Minister William Hayden said: Australia is watching the economic development of China's coastal areas with great interest. He said: Zhejiang Province is one of the important areas for economic reform. Australia will take this opportunity to strengthen cooperation with Zhejiang. Now, we already have a good beginning in the cooperation between Western Australia and Zhejiang. I am convinced that such cooperation will have a broad future.

Vice Governor Wang Zhonglu and responsible persons of departments concerned of the province and Hangzhou City attended the banquet.

The distinguished Australian guest arrived in Hangzhou by plane from Beijing yesterday afternoon. After arrival, the guests visited Zhejiang University and heard an introduction to the situation in Hangzhou City's economic development and opening to the outside world.

**NPC Vice Chairman Meets Thai Visitors**  
*OW2807131888 Beijing XINHUA in English*  
1110 GMT 28 Jul 88

[Text] Beijing, July 28 (XINHUA)—Lei Jieqiong, vice-chairman of the Chinese National People's Congress Standing Committee, met a delegation of the Congress of Parent and Teacher Associations of Thailand, led by Lt. Gen. Yiam Intarakumhang, president of the association, here this afternoon.

Lei expressed the hope for frequent exchange in education between the two countries.

The guests are here at the invitation of the Chinese People's Association for Friendship with Foreign Countries.

**Thai Leading Party Agrees on Coalition Government**  
*OW2807180888 Beijing XINHUA in English*  
1531 GMT 27 Jul 88

[Text] Bangkok, July 27 (XINHUA)—The Chat Thai [Thai Nation] Party, the largest victor in Thailand's 15th general election by winning 87 seats, has passed a resolution to form a five-party coalition government, Radio Thailand reported this evening.

The resolution was adopted at a party meeting this afternoon.

The resolution authorized the party's leader and secretary-general to discuss the issue of the formation of a new coalition government with other four parties—Social Action, Democrat, Ratsadon [People's] and United Democracy.

Chat Thai Party leader Chatchai Chunhawan was quoted as saying this afternoon that there are no problems in the formation of a five-party government.

He disclosed that the leaders of those parties which would join the coalition government, would go to meet Prem Tinsulanon within 2-3 days.

He may go to meet Prem this evening, he said. The purpose of the meeting is to continue inviting Prem to be prime minister, he added.

**New Thai Premier Nominated**  
*OW2807142788 Beijing XINHUA in English*  
0735 GMT 28 Jul 88

[Text] Bangkok, July 28 (XINHUA)—Chatchai Chunhawan, leader of Thailand's Chat Thai [Thai Nation] Party, officially announced here near noon time today that he has accepted the nomination as the new prime minister by five parties—Chat Thai, Social Action, Democrat, Ratsadon [People's] and United Democracy.

The announcement came after the rejection by Prem Tinsulanon (former prime minister and presently the caretaker prime minister) to be the next prime minister last night.

Chat Thai Party won the biggest number of seats (87 seats in the 357-member House of Representatives) in Thailand's 15th general elections held on July 24.

Chatchai told reporters at a press conference at his residence that the leaders of the five parties met Prem last night at the former prime minister's residence, to express their support for Prem to be the next prime minister.

However, Chatchai quoted Prem as saying that he has kept the democratic rule going for eight years and five months, and the time has come that a prime minister should be chosen from the elected MPs.

Prem was quoted as saying that he wished the five parties' leaders to consider the formation of a new government.

After meeting Prem, Chatchai said, the five parties' leaders had discussions on the formation of the new government and unanimously agreed as follows:

—The five parties unanimously agreed that the leader of the party which won the most seats in the general elections to assume the premiership.

—The five parties' leaders have signed a document on this, which includes signatures of 215 MPs.

—Chat Thai party was authorized to submit the document to the president of the National Assembly today.

According to the election regulations of Thailand, the candidate for new prime minister should be proposed by the parties elected in the general elections, within 15 days following the general elections, the president of the National Assembly would then submit the candidate who won the majority to the king for final approval.

**Philippine Foreign Secretary on Aid Plan**  
*OW2807141588 Beijing XINHUA in English*  
1211 GMT 27 Jul 88

[Text] Manila, July 27 (XINHUA)—Philippine Foreign Secretary Raul Manglapus said here today his government has taken steps to form a preparatory committee to discuss the mechanics of the proposed 10 billion U.S. dollars international aid plan for the country.

"We are communicating with various donor countries and there is positive response and we are hoping that we can hold a meeting of the preparatory committee in late August," Manglapus told reporters.

He declined to identify the donor countries: But, according to Margarito Teves, chairman of the House Committee on Economic Affairs, four ASEAN (Association of Southeast Asian Nations) will join six industrialized countries, led by the United States, in committing themselves to contribute to the aid plan.

He said Brunei, Singapore, Malaysia, and Thailand have joined the U.S., Japan, Federal Germany, New Zealand, Australia, and Canada, in pledging to contribute to the plan.

The working group formed by President Corazon Aquino has identified the projects to be implemented under the plan following the firming up of the commitment of the 10 countries, Teves noted.

He said that "the donor countries want assurances that bureaucratic red tape will be removed to ensure the speedy implementation of the projects."

**Philippine Bank Chief Warns Against Loan Default**  
*OW2807194388 Beijing XINHUA in English*  
1553 GMT 27 Jul 88

[Text] Manila, July 27 (XINHUA)—The Philippine Central Bank governor today cautioned congress against enacting any measure that will result in "our defaulting in the servicing of our foreign debt," according to the PHILIPPINE NEWS AGENCY.

Speaking at the public hearing on foreign debt servicing conducted by the House Committee on Appropriations, Jose Fernandez said defaulting in the servicing of foreign debt means the closure of all avenues for foreign creditors and makes it very hard for any country.

He cited the case of Peru which defaulted in its foreign debt payment and has been isolated from the financial world.

In her state of the nation address at the opening of the second regular session of congress, President Corazon Aquino asked congress to find "a just solution" to dramatically reduce the country's "intolerable" external debt burden of 28.3 billion U.S. dollars.

Fernandez said the government has adopted a policy of negotiation to ease its foreign debt burden. So far, he said, "we have always been current in our payment with the multinationals like the International Monetary Fund, the World Bank (WB) and the Asian Development Bank (ADB)."

"Because of this, we are able to get new loans from these multinationals," Fernandez said. "The Philippines was able to secure a loan of 502 million U.S. dollars from the WB and 120 million dollars from the ADB this year," he added.

**U.S. Blamed for Ending Philippine Bases Talks**  
*HK2807124188 Beijing International Service*  
in Tagalog 1130 GMT 28 Jul 88

[Text] Philippine Foreign Secretary Raul Manglapus has blamed the United States for the suspension of talks on the Philippine-U.S. Military Bases Agreement. Manglapus said yesterday that the U.S.' refusal to disclose their position on the compensation and use of the military bases in the Philippines had caused the suspension of the bases talks. He suggested that the two panels set a new deadline for the resumption of negotiations on the bases. Manglapus said that he is open to any suggestions.



### Near East & South Asia

#### **Afghan Leader Accepts Kabul's Truce Offer**

OW2807133388 Beijing XINHUA in English  
0959 GMT 28 Jul 88

[Text] Islamabad, July 28 (XINHUA)—Noted Afghan resistance commander Ahmad Shah Mas'ud is reported to have accepted Kabul's truce offer, "THE FRONTIER POST" today quoted good authority as saying.

Mas'ud decided to stop war against the Kabul regime in the beginning of this month and is continuing indirect contacts with the Kabul regime headed by Najibullah, the source said.

The news of reconciliation between Mas'ud and the Kabul Government was telecast by the Afghan television, a merchant who recently arrived in Pakistan from Kabul said.

Ahmad Shah Mas'ud, who belongs to the Afghan Islamic Society, one of the parties that formed the Afghan seven-party resistance alliance, is in the strongest position in Panjsher Valley, a strategic base of the resistance situated northeast of Kabul.

The news of reconciliation between Mas'ud and the Kabul regime has been circulating around for some time but has been denied by the chief of the Afghan Islamic Society earlier.

Mas'ud is reported to have favored the withdrawal of Soviet troops from Afghanistan under the Geneva accord signed on April 14 this year. He has not made any attack against the Soviet troops during the pullout.

There are also reports saying that traffic has been opened recently between Kabul and Panjsher for the first time in the last nine years. Hundreds of people who left the Panjsher Valley some nine years ago are reshifting from Kabul to that area.

#### **Kabul Aircraft Violates Pakistan Airspace**

OW2807132888 Beijing XINHUA in English  
0831 GMT 28 Jul 88

[Text] Islamabad, July 28 (XINHUA)—Four Afghan MiG-23 aircraft violated Pakistan's airspace over Baluchistan Province Tuesday and dropped a few bombs, according to official sources here today.

It is yet known whether there is any loss of life and property.

The Kabul regime has stepped up its cross-border attacks on Pakistan territory since July 23 when President Ziaul Haq accused the Soviet Union of having stopped its troop withdrawal from Afghanistan and called back about 10,000 fresh troops to Afghanistan.

In the past one week, ten people have been killed and over 50 others wounded by unprovocative shelling from across the border, the sources said.

On Monday and Tuesday, two persons are reported to have been injured by Afghan artillery shelling from across the border into Chaman, a Pakistan border town in the same province, and its outskirts.

A number of villages in Chaman are reportedly vacated by the inhabitants who have moved to safer places.

According to the same sources, an Afghan refugee woman was killed and several children were injured, two of them seriously, when Kabul artillery fired at the Asgharo refugee camp in the lower Kurram Agency of Northwest Frontier Province on Wednesday.

#### **India Seeks Airborne Warning System From UK**

OW2807130488 Beijing XINHUA in English  
1002 GMT 28 Jul 88

[Text] New Delhi, July 28 (XINHUA)—India has approached the British helicopter producer Westland and radar manufacturer Thorn Emi for acquiring Airborne Early Warning (AEW) for its two aircraft carriers.

What is being negotiated is a Sea King/Searchwater radar combination which is being used by the British Navy, the HINDUSTAN TIMES reported today.

The indication about the Indian Navy's plan to acquire the system was given recently by Defense Minister K. C. Pant while addressing the Parliamentary Consultative Committee.

It is reported that the Indian Navy may go in for five Sea King AEWs.

However, it is not clear whether the Indian Navy would purchase new airframes or adapt Sea Kings already in its service.

Meanwhile, India and Spain are exploring possibilities to cooperate in the manufacture of combat aircraft and warship designs based on the Spanish aircraft carrier Principe de Asturias.

India's interest is in the AX attack aircraft and the design rights for Asturias-type aircraft carriers.

The prospects for the cooperation have emerged following Indian Prime Minister Rajiv Gandhi's recent talks in Spain, the report said.

**India's Gandhi Denies Sri Lanka Withdrawal Plans**  
OW2807174688 Beijing XINHUA in English  
1433 GMT 27 Jul 88

**[Text] New Delhi, July 27 (XINHUA)—**Indian External Affairs Minister Narasimha Rao declared in Parliament today that there is no question of withdrawing the Indian Peace Keeping Force (IPKF) from Sri Lanka for the present.

"The IPKF has gone there on a mission. Until the mission is completed the IPKF will stay. The number which will stay or be deployed will vary from time to time," Rao said in reply to the question by P. Kolandai-velu, member of parliament.

Kolandaivelu termed the minister's answer as "misleading" and quoted Prime Minister Rajiv Gandhi as saying in an interview recently that some troops and equipment had been withdrawn from the island.

Clarifying the question, Gandhi said what he had said is "we are not withdrawing the IPKF from Sri Lanka. It is categorical. We have withdrawn some personnel from Sri Lanka."

### Sub-Saharan Africa

**Cultural Exchange Agreement With Ghana Signed**  
OW2907015188 Beijing XINHUA in English  
0034 GMT 29 Jul 88

**[Text] Accra, July 28 (XINHUA)—**China and Ghana today signed here an executive programme on the cultural agreement for 1988-1989 to concretize cooperation in the fields of culture and arts, education, health and sports.

The programme includes a series of exchanges of visits by art troupes, musician and artist groups, children's cultural groups and scholars and experts on traditional medicine as well as exchanges of films, publications and information on health and bio-medical sciences.

The programme was signed by K.B. Asante, Ghana's secretary for education and culture, and Gu Xiner, Chinese ambassador to Ghana on behalf of their respective governments.

Speaking at the signing ceremony, the Ghanaian secretary praised the strong bonds of friendship between Ghana and China and said the signing of the programme was a manifestation of the close ties between the two countries.

At the same function, the Chinese ambassador, on behalf of the Chinese Ministry of Culture, presented to the Ghanaian Ministry of Education and Culture a batch of sports goods including basketballs, volleyballs, handballs, footballs and sportswear.

## West Europe

**Thatcher Cited on European Union, China Trade**  
OW2807121388 Beijing XINHUA in English  
1540 GMT 27 Jul 88

[Text] London, July 27 (XINHUA)—British Prime Minister Margaret Thatcher today dismissed the idea of a United States of Europe and said such a union will not happen in her lifetime.

The prime minister said in an interview with the British Broadcasting Corporation (BBC) radio that the union was not possible because of the different histories and languages of the European Community (EC) nations.

Mrs Thatcher also described as absurd the claim by EC President Jacques Delors that most social and economic decisions will be made by the EC rather than the national parliaments in 10 years' time.

**"I think it was quite absurd because it frightens people," said the prime minister.**

**She said she would never allow Britain to relinquish power over its economic and social policies.**

The prime minister said the ideas of a Eurobank and Eurocurrency was "airy fairy." A central bank meant the surrender of fundamental economic decisions to another country "and that I will not do," she said.

The EC member countries should display their unity in trade dealings with the United States, China, and the Soviet Union, but they should act only as "separate countries working together," the prime minister said.

## Latin America & Caribbean

**Chinese Delegation's Visit to Cuba Recounted**  
*HK2907055088 Beijing RENMIN RIBAO in Chinese*  
 26 Jul 88 p 6

[Article by Liu Gengyin (0491 1649 1377): "First Visit to Cuba"]

[Text] In early June, a delegation of the Chinese People's Association for Friendship With Foreign Countries visited Cuba on invitation. Havana's air temperature rose to some 30 degrees Celsius and even the sea breeze was also very warm. Tropical forest trees were green and luxuriant and trees along the streets were gracefully pruned. Mango trees of different varieties are laden with fruit, sending forth an appealing, delicate fragrance. On one side of the wide seaside boulevard are the rolling waves of the Caribbean Sea and on the other, tall and magnificent buildings. In the streets there were many Soviet-made Lada compact cars and quite a few U.S.-made multicolored old cars running quickly.

Arranged by the Cuban People's Association for Friendship With Foreign Countries, the day following our arrival in Havana, we visited a milch cow farm in the Pico Turquino area, where there were multi-peaked green mountains with lovely scenery, in which we felt as if we had sunk into a green sea. The headquarters of the farm is located on a hilltop. A big, tall old man in a short-sleeved T shirt, army-green pants, and boots came out to greet us. He was Ramon Castro, Fidel's older brother, the person in charge of the farm. He has engaged in stock raising for a long period of time and has been twice elected national model worker for his outstanding work achievements. He treated us cordially as persons of the same trade with him and, full of zest, he briefed us on such matters as how to feed milch cows in different pens, how to graze them in different areas, how to improve grass varieties, and how to perform artificial insemination. At noon, he insisted on inviting us to have lunch in a nearby Arab restaurant. After lunch, he wrote in the visitors' book: "The brother from China are warmly welcome. This is my happiest day this year." When we asked how many brothers there were in his family, with a smile he said: "In my family there are five brothers of blood relationship and 1 billion Chinese people, brothers of non-blood relationship." At parting, when we expressed our readiness to welcome him to China for a visit, he said elatedly: "Visiting China is my long-cherished wish. However, I do not want to pay an ordinary friendly visit. I hope I can do something solid for the Chinese people."

Not long after we arrived in Cuba, we were informed by our Cuban friends that in the last few years, the government has vigorously implemented a family doctor system. Cuba is practicing free medical services. Medical facilities in big cities are not bad but there are still medicine shortages in mountain and rural areas. Therefore, the government has decreed medical college graduates should practice medicine in mountain or rural areas for 2 years before obtaining employment in the cities. To encourage young doctors to serve the peasants, the government has built clinics and residential quarters for them in the places where they work and given them handsome pay and benefits. It has been said that there are some 300 such clinics throughout the country.

On the way to Guama City, we visited a family doctor clinic, a two-story, small white building which was built halfway up the slope of a mountain, and facing the sea. Not only is the building pleasing to the eye but its surroundings are very quiet and tastefully laid out. Compared with the surrounding peasant houses, it looks very conspicuous. The doctor was a young man in his twenties. He warmly led us around the consulting room, the dispensary on the first floor, and the living room on the second floor. He had worked here for 1 year or so. The government constructed the building for him and

provided him with a nurse. With a monthly 180-peso salary plus a subsidy for working in a mountain area, he earned more than 300 pesos in all (about \$230), 100 percent or more higher than a worker's income. Some 100 peasant households are scattered around the mountain, and they live mainly on coffee planting. Every morning he conducts outpatient service and in the afternoon he visits the peasant households. He is very familiar with every household and he especially knows the signs of local diseases. With regard to ordinary illnesses, he calls at the patient's house to give remedies. For cases of somewhat complicated illness, he treats the patients in his outpatient service room. He sends the patients with difficult and complicated cases to city hospitals for treatment. Just before parting, we asked him about his plans after 2 years, and straightforwardly he said that medical and living conditions here were not bad and he had an attachment to the residents, but his medical skill needed further development, and so after his term of service here was expired, he would return to Havana to take a more advanced course of training in this respect.

In the protracted struggle of the Cuban people for independence, the Chinese people residing in Cuba made indelible contributions. The "Monument of the Chinese People Residing in Cuba Assisting Cuban Independence" erected at the center of the City of Havana is a historical witness. Now there are some 3,000 Chinese people in Havana. In the early days, most of them were hired hands in sugarcane plantations and later on they gradually moved to grocery and catering industries. Chinese people joined in all the previous struggles waged by the Cuban people for national independence and liberation. To cherish the memory of the fallen Chinese people in the struggles, the monument was built in Havana in October 1931. A 10-odd-meter-high, circular cone-shaped black marble constitutes the body of the monument, which is dignified, imposing, and thought-provoking. The characters "The Monument of the Chinese People Residing in Cuba Assisting Cuban Independence" were engraved on the facade of the monument, and on its back were engraved the famous remarks of Cuban historian Kai Sa Da (0418 5646 6671) which read: "No single Chinese Cuban is an army deserter, no single Chinese Cuban is a traitor." There were a crowd of passersby gathering in front of the monument. They read the famous remarks silently, pondering their implications.

**Yang Shangkun Appoints Ambassador to Uruguay**  
OW2907053488 Beijing XINHUA Domestic Service  
in Chinese 1219 GMT 26 Jul 88

[Text] Beijing, 26 Jul (XINHUA)—In accordance with a decision of the NPC Standing Committee, PRC President Yang Shangkun has appointed Yang Xuqiang [2799 6079 1730] Chinese ambassador extraordinary and plenipotentiary to the Oriental Republic of Uruguay.



## Beidaihe Meeting Discusses Agriculture Reform

### Tian Jiyun Addresses Meeting

OW2807153488 Beijing XINHUA Domestic Service  
in Chinese 1026 GMT 28 Jul 88

[Speech by Tian Jiyun at Discussion Meeting of Experts in Agriculture at Beidaihe: "I Hope More Scientists and Technicians Will Contribute Their Wisdom and Efforts to Agricultural Development—XINHUA headline]

[Text] Beidaihe, 28 Jul (XINHUA)—Comrades, I am quite enlightened after listening to what you experts said. You have all made numerous good suggestions, which are quite helpful for further studying and promoting the development of the Huanghuaihai Plain [Huang He - Huai He - Hai He Plain] and the development of agriculture as a whole. Today the State Council invites you to vacation at Beidaihe while leading comrades of the central authorities and the State Council join in discussions with you. This indicates two things: First, the party Central Committee and the State Council attach great importance to agriculture, and second, they attach great importance to the role science and technology play in developing agriculture. The 16 experts seated here today are forerunners in harnessing the Huanghuaihai Plain and have made outstanding contributions to China's agricultural development. Today we will give awards to 93 scientists and technicians, including you 16 experts. This is to encourage the vast number of scientists and technicians who have persisted in experimentation for the development of the Huanghuaihai Plain on a long-term basis. The following are a few ideas of my own, for your reference:

1. The results of experiments in science and technology have created rich experience for the overall development of the Huanghuaihai Plain.

Experiments in developing the Huanghuaihai Plain started as early as in the 1960's. In accordance with the late Premier Zhou Enlai's directive, the then State Scientific and Technological Commission planned the first experiments in 1965. Over the past 20 years and more the experiments have continued, even despite the interference of the "Cultural Revolution." More than 1,000 people have joined the experiments for development, one after another. They have built 12 different types of comprehensive experimental harnessing zones. The total area harnessed, including experimental, demonstration, and scattered zones have reached 10 million mu. Thanks to the common efforts of scientists, technicians, cadres, and masses, marked results have been achieved in harnessing and development. The per mu grain yield has increased from 200 jin in the days before the harnessing projects to more than 800 jin, while production of cotton oil-bearing crops, forestry, animal husbandry, and fisheries have all increased by larger margins. Average per capita income has increased from around 100 yuan up to 400 or 500 yuan. The achievements of some experimental zones are even more outstanding:

Of the total area of 330,000 mu in the Yucheng Experimental Zone, Shandong, 260,000 mu have been harnessed. The per mu grain yield has increased from 200 jin to 1,200 jin, the per mu cotton yield has increased from 12 jin to more than 150 jin, and average per capita income has increased from 44 yuan to 650 yuan.

Fengqiu Experimental Zone, Henan, has a total area of 320,000 mu, of which over 200,000 mu have been harnessed. The per mu grain yield has increased from 100 to 1,000 jin, and average per capita income has increased from less than 100 to more than 500 yuan.

Quzhou Experimental Zone, Hebei, has harnessed 280,000 mu. The per mu grain yield has increased from 362 to 664 jin, the per mu cotton yield has increased from 52 to 118 jin, and average per capita income has increased from 66 to 342 yuan.

Shangqiu Experimental Zone, Henan, has harnessed 156,000 mu. The per mu grain yield has increased from 400 to more than 700 jin, and average per capita income has increased from 74 to more than 500 yuan.

Five experimental zones for the research into economizing on water in irrigation and the technology of irrigation and drainage have been built, with a total area exceeding 500,000 mu. Good economic results have been achieved.

Six different types of 10,000-mu plain shelter-forest experimental zones have been built. Marked social benefits, economic results, and ecological benefits have been obtained in these zones.

The success of the trial projects in developing science and technology not only creates great material wealth, but also has great significance. First, historically speaking, all experimental zones have been plagued with the "four disasters" of drought, flooding, sandstorm, and alkaline land. The major scientific results and the experimental zone's success in combating the "four disasters" helped pave the way and create conditions for developing the Huanghuaihai Plain. Second, the problem of scientific research failing to integrate with production has existed over the years. As a result, scientific achievements have not been converted into direct productive force. According to information provided by a relevant department, only 30-40 percent of China's farming scientific results are applied in production. The success of experiments in developing the Huanghuaihai Plain shows the right direction for closely integrating scientific research and production, quickly and broadly applying scientific results, and reforming scientific research units. Third, scientific and technological personnel taking part in experiments have for years worked at the front line of production: They have set exemplary roles for other scientific and technological personnel.

In short, experts who are here at this meeting and other scientific and technological personnel taking part in developing the Huanghuaihai Plain have contributed much to the

development of our agriculture by working together with the peasants and through your labor and talents. The people of Huanghuaihai thank you. The party and state also thank you. I hope you will continue contributing to the development of our country's agriculture.

2. We must attach major importance to scientific and technical input in quickening the development of our agriculture.

China has achieved relative progress in agriculture in the past decade. Grain production has increased from 600 billion to more than 800 billion jin, which is roughly equal to the total increase of the 20 years prior to 1978. A good situation prevails in rural areas, where farming, forestry, animal husbandry, fishery, and village and town enterprises are developing steadily. This is the result of good policy, that is, the policy of reform, which stimulates the peasants initiative for production. Another reason: Science and technology help raise the level of agricultural production.

Our country has nearly a million agroscientists who work at the frontline of agricultural production, applying scientific results to agricultural production, year in and year out and in all kinds of weather. They play an important role in increasing agricultural production. Nationwide promotion of cross-bred rice, plastic-sheet farming, the right method of using fertilizer, and pest control has contributed to an increase of approximately 160 billion jin of grain in the last decade. The application and promotion of some particular scientific results are even more striking in achieving increased production. Last year saw the nationwide implementation of the "harvest plan" in farming, animal husbandry, and fishery. The application of scientific results in conjunction with advanced practical technologies in production has been instrumental in realizing the goal of large-scale farming and increased production. The ratio between input and output reached a spectacular 1:12. The decade of agricultural research and development in Huanghuaihai area fully shows the important role of science and technology in the development of agriculture.

Generally speaking, the production trend in our country's agriculture has been good. Yet we are faced with the very arduous task, that is, the task of realizing the goal of achieving another stage in our country's farming production, particularly in grain production, by the end of this century. With the nation losing 7 million mu of arable land and increasing its population by 10 million people every year, we need considerable increases in the production of grain and farming products. This is a big contradiction. How to solve this contradiction is one of the very important strategic problems in our country's economic work. To solve this problem we should, on the one hand, continue to strengthen rural reform and readjust policies in order to further harness the production enthusiasm of the masses of peasants and make better use of existing farmland by practicing intensive management and raising per unit

yield. On the other hand, we should develop agriculture on all fronts in order to replenish resource losses and increase new resources as much as possible. To this end, the State Council has decided to develop China's agricultural resources in a planned and systematic manner beginning this year. The development plans for five major areas, listed as the state key projects for this year, have already been carried out. Namely, they include: the Huanghuaihai Plain, the Sanjiang Plain [Heilong Jiang - Songhua Jiang - Wusuli Jiang Plains], a sugar and cotton crop base in southern Xinjiang, a sugar crop base in Guangxi and Yunnan, and the coastal sandy beaches in Shandong. We have also focused attention on building commercial grain and meat bases. It is necessary to adopt new guidelines and methods to innovatively develop agriculture: First of all, agriculture should be developed in light of and according to the management methods of the commodity economy. Second, funds needed for development should be raised through different channels and from various sectors and should be managed, used, and circulated with compensation, with state assistance as the inspiring force and by relying mainly on labor input of the masses. Third, open and flexible policies should be worked out to enable the masses to obtain real benefits. Fourth, a suitable management scale should be practiced when starting to develop new agricultural resources. Fifth, we should attach great importance to scientific and technical input. Scientific and technical investment is very important. It is needed for exploiting and utilizing barren hills and slopes, deserted shoals, and undeveloped waters to increase agricultural resources and for transforming low- and medium-yield land and tapping agricultural potentials to raise per unit yield. It is also needed for achieving better economic results from funds and materials invested. Science and technology are potential as well as realistic productive forces. To accelerate China's agricultural development, deepen the reform gradually, and implement the policy more effectively, it is necessary to increase material investment accordingly. However, from a long-range viewpoint, it is also necessary to bring the role of science and technology fully into play. The application of appropriate advanced technology to transform China's traditional agriculture and construction of modern agriculture based on scientific and technological advances is an important task in accelerating agricultural development. We must make relentless efforts to carry out this task, as it is the only way out.

3. It is necessary to create a dynamic operational mechanism and favorable environment for scientific and technical investment.

China's economic structural reform aims to develop a socialist planned economy. Therefore, methods for investing science and technology should be reformed in line with this overall requirement, and so should the development of the Huanghuaihai Plain and agriculture as a whole. While affirming the successful experience of the projects to control drought, waterlogging, and sandy and alkaline soils on the plain, it is necessary to point out



that the previous method of investing science and technology was a nonprofit type, combining government efforts with free services of scientific and technical personnel. With only input and no compensation, this method lacks intrinsic dynamic force and cannot fully harness the enthusiasm of scientific and technical personnel and research institutes and help promote scientific research and production. Therefore, the establishment of a dynamic operational mechanism aimed at reciprocating scientific and technical investment with proper benefit and enabling scientific and technical personnel and their work units to receive a certain amount of compensation are at the root of increasing scientific and technical investment. By so doing, more scientists and technicians will dedicate themselves to developing agriculture while promoting scientific and technological advances through agricultural development and continuously applying the fruits of scientific research to production.

To encourage more scientists and technicians and more scientific research units to devote themselves to developing the Huanghuaihai Plain, the State Leading Group on Land Development Fund recently formulated the "Tentative Stipulations on Scientists and Technicians of Central Scientific Research Units and Institutes and Schools Under Ministries Joining Agricultural Research and Development in the Huanghuaihai Area." The "Stipulations" note: Scientific and technological input must be increased in multiple forms of development, including contracted projects, technology suppliers recognized as stockholders, purchase of technology, and comprehensive contracted managerial systems. In addition, awards policies should be implemented on scientists and technicians who come to promote the development, particularly those who have made achievements and contributions. The purpose is to attract more scientists and technicians to join the development of the Huanghuaihai Plain and agricultural development.

All departments and local governments concerned must warmly welcome and actively support scientists and technicians who come to promote the development of the Huanghuaihai Plain and agricultural development. It is also necessary to build the needed working environment and create living conditions for them. It is necessary to supply the development projects contracted by scientists and technicians and scientific research units with a certain amount of funds at the appropriate time and provide them in good time with some means of production they need. It is necessary to build in a planned way experimental demonstration bases and prepare the needed living facilities for the large numbers of scientists and technicians coming to the countryside. In addition, departments concerned should set the needed key tasks in science and technology for the Huanghuaihai Plain and agricultural development as a whole so as to build up our capacity for sustained development.

The central and local scientific research units which participate in agricultural development must regard the

increase of scientific and technological input for agriculture as an important task, include it on their meeting agendas, and strengthen leadership. It is necessary to disseminate the existing scientific and technological achievements and rapidly transform them into direct productive forces while participating in the development. It is necessary to closely integrate scientific research with production, pay attention to the living conditions of scientists and technicians working in the forefront, and solve their practical problems in living so as to free their minds of trouble back at home.

#### 4. Our expectations for scientists and technicians.

The development of the 320,000-square-kilometer Huanghuaihai Plain is a grand project. The entire agricultural development is an even grander one. It will take the combined efforts of thousands upon thousands of scientists and technicians and hundreds of millions of peasants to fulfill this great task. Our earnest expectations are:

Scientists and technicians who can take part in agricultural development should actively plunge themselves into this glorious undertaking, fully display their wisdom and talents, turn their skills and knowledge into production achievements, and serve China's development and the four modernizations in an even better way.

It is necessary to rely on local governments and have close ties with the masses. We should teach the masses advanced scientific knowledge and popularize successful scientific research results. At the same time, we should attach importance to the masses' inventions, sum up the masses' experience, and make agricultural development a joint undertaking by scientists, technicians, and local people under the unified leadership of local government.

Scientists and technicians taking part in agricultural development should work in cooperation and coordination with each other. Cooperation should exist between local scientific and technological personnel and those of other localities, between different scientific research organizations, between different branches of sciences, and between old scientists and young and middle-aged ones. Only unity and cooperation can create the huge force to accomplish this glorious task.

Comprehensive agricultural development is a long-term and arduous undertaking. We must display a persistent, hard-working, and pioneering spirit. The people, the party, and the country will not forget the scientists and technicians who contribute to the development of the Huanghuaihai Plain and China's agriculture. I hope that you will work hard, and I believe that I will constantly hear of good news about your great success.

#### Agroscientists Make Proposal

OW2807190488 Beijing XINHUA Domestic Service in Chinese 1122 GMT 28 Jul 88

[Text] Beidaihe, 28 Jul (XINHUA)—The delegates to the experts' discussion meeting sponsored by the State

Council on comprehensive agricultural development on the Huanghuaihai Plain made a written proposal to all scientists and technicians in China. The full text of the proposal reads as follows:

We are scientific and technological workers from the agricultural, scientific research, water resources, forestry, and geological and mining departments directly under the central authorities. For a long time, we have joined scientists and technicians of other departments and localities concerned in doing scientific and technological work for the comprehensive agricultural development on the Huanghuaihai Plain. Today, the leaders of the party Central Committee and the State Council cordially received us, held discussion with us, and listened to our opinions and suggestions. They made the arrangements for us to vacation at Beidaihe and gave us great honor and awards. This is an extremely great attention and encouragement given not only to us 16 scientific and technological personnel, but also to all scientists and technicians in China.

The Huanghuaihai Plain is the largest plain in China, occupying an important place in China's agricultural production and having a great potential in the development of grain, cotton, oil seeds and meat production. By adopting comprehensive agricultural, forestry, water conservancy, and other technical measures to transform intermediate- and low-yield fields and expand the area of arable land, it is possible to add 50 billion jin of grain, 20 million dan of cotton, 30 million dan of oil seeds, and 2 million metric tons of meat to its annual output by the end of this century.

The comprehensive agricultural development on the Huanghuaihai Plain is a great and yet very arduous task. With the attention of the party Central Committee and under the direct planning and leadership of the State Council, the great undertaking of the comprehensive agricultural development on the Huanghuaihai Plain has now begun. We firmly believe that the grand objective of the Huanghuaihai development can surely be attained.

Long trained and educated by the party and the state, we have dedicated our precious years to the development of the Huanghuaihai Plain and we will continue to contribute our energies to it. However, this undertaking needs a large number of scientists and technicians of various branches and levels of sciences from many departments. Present agricultural development must rely on correct policies and science and technology. The state has already provided the support in policy, funds, and materials—it particularly attaches importance to scientific and technological inputs—and thus created favorable conditions for the Huanghuaihai development. Therefore, we propose and hope that more scientists and technicians, particularly young comrades, bravely and actively plunge themselves into the great undertaking of the comprehensive agricultural development on the Huanghuaihai Plain. Let us constantly promote the notion of studying, doing and loving farming, turn it into

a general practice, work hard in a down-to-earth way on the forefront of agricultural development, give play to the great might of science and technology, rely on local government at all levels, closely cooperate with local cadres, people, scientists and technicians, and do what we should to tap the great productive potential of the Huanghuaihai Plain.

The development of the Huanghuaihai Plain has a bearing on China's rural reform and on the further increase of China's agricultural output. Therefore, we propose that comrades of all trades and professions working on all fronts in China work in the interest of the whole, unite as one and energetically support the comprehensive agricultural development on the Huanghuaihai Plain.

Comrades aspiring to develop and build the Huanghuaihai Plain, let us love, dedicate ourselves to and build Huanghuaihai under the party and state leadership and under the guidance of the policy of reform and opening to the outside world, and strive to implement the State Council's great strategic decision on developing Huanghuaihai, overfulfill the output increase targets, thoroughly improve the situation of Huanghuaihai, and further promote the development of China's agriculture and science and technology!

**Zhao Ziyang Views Current Reform Problems**  
HK2907055688 Beijing, ZHONGGUO XINWEN  
SHE in Chinese 0355 GMT 29 Jul 88

[Text] Harbin, 29 Jul (ZHONGGUO XINWEN SHE)—According to HEILONGJIANG RIBAO, CPC Central Committee General Secretary Zhao Ziyang mentioned the joint stock system while on an inspection visit to Heilongjiang Province. He said: "My view is that the staff and workers of all enterprises making a profit can take out shares in them, and these enterprises can also raise capital by floating shares in society. The enterprises can break down their original fixed assets into shares and pay dividends accordingly after paying their taxes. There are risks, since value cannot be guaranteed and the size of the dividend will depend on how much profit there is, but this will not present any problem."

Zhao Ziyang also discussed the price reform issue. He said: We should now be quite clear about this concept: Whether or not the price reforms can succeed will be determined not only by the price reform scheme itself but also by the deepening of reform as a whole. Economically, it is essential to get a good grasp of three cardinal links in price reform: First, the enterprise mechanism, that is, if an enterprise has good digestive ability, it can itself absorb a considerable proportion of its increased production costs following the rise in prices, and this will avoid the phenomenon of "regression to price parity." Second, the monetary cardinal link, that is, in carrying out price reform we must control the amount of currency issued without affecting production. Third, the biggest problem, the market cardinal link, that is, price reform



cannot be separated from market prosperity. The predicted goal can hardly be reached if price reform is pursued in isolation from market conditions.

Zhao Ziyang also pointed out that at present there are two outstanding problems in the political conditions: First, government is not separated from the enterprises; second, the problem of the atmosphere in the party and government organs. He said: At present, certain administrative companies possess powers and also engage in operations. This is a major factor disrupting China's economy. Such administrative companies exist at all levels, and some are nongovernmental. Some old cadres become executives and interfere everywhere, writing checks and forging connections in order to get hold of things that they can then resell for profit. Such behavior is even worse than the administrative companies. We need to probe to find how deep the water is in this respect. We must also seriously resolve the problem of the atmosphere in the party and government organs. Zhao Ziyang emphasized that the price reform is a focal point; it is very difficult, but it is imperative that this pass be traversed.

**Zhao Ziyang Inspects Jilin, Attends Forum**  
SK2907085788 Changchun Jilin Provincial Service  
in Mandarin 2100 GMT 28 Jul 88

[Text] During his inspection tour of our province, Zhao Ziyang, general secretary of the CPC Central Committee, pointed out: The work to invigorate large and medium-sized enterprises is currently very important. The key is to separate government functions and business management and relax control over management. Because Jilin has many large enterprises, it should select one or two to carry out experiments and summarize their experiences.

Comrade Zhao Ziyang arrived in our province on 26 July to inspect its work. That morning, after arriving at the Nanhu Guesthouse, he (held heart-to-heart talks) with He Zhukang, secretary, and Gu Changchun, deputy secretary, of the provincial party committee and other comrades in a quiet [words indistinct] in the yard of the guesthouse.

At 1500 the general secretary held a forum to hear (a report) given by Comrade He Zhukang on behalf of the provincial party committee and government and to discuss several issues concerning reform [words indistinct]. When He Zhukang reported on our province's situation in agricultural production, Comrade Zhao Ziyang added: Jilin's grain output is great. However, it should not create such a situation in which a bumper grain harvest is reaped but the economy is not (developed). To add the value of grain, grains should be converted on the spot. Jilin should encourage peasants to raise more hogs to convert grains into meat that will be exported to foreign countries and sold to coastal provinces and municipalities. [Words indistinct] as your province has a great corn output, it is impossible to convert all the corn on the spot. Therefore, you should work out ways to set aside a certain amount of corn for export.

Speaking on wage and price reforms, he said: Wage and price reforms represent a very complicated and difficult issue. We should take the overall situation into consideration and eliminate barriers together.

He said: Instead of just reforming prices, price reform involves the entire economic and political structural reforms. If we reform just prices, we might return the original place after doing so much work. The result is [words indistinct]. Through reform, we should gradually establish a new order for the socialist commodity economy.

The general secretary also asked in detail about the income of the staff members and workers of Jilin Province.

During the forum, Comrade Zhao Ziyang heard the participants' opinions on the contract, public bidding, and employment work of large enterprises and on whether large enterprises should establish stock funds.

At the end of the forum, General Secretary Zhao Ziyang gave important instructions on the work of our province. He said: Jilin Province has (achieved fairly good results) in its work over the past few years and has created some good experiences. The prospects for this year's agricultural and industrial developments are also bright. It is very possible that you will reap another bumper harvest in agriculture this year.

At the forum, Comrade Zhao Ziyang emphasized the issue of deepening enterprise reform. He said: Deepening enterprise reform is an important issue we are encountering right now. Further improvement of the economic results of enterprises depends on the further reform of enterprises. At present, the reform aimed at successfully running and invigorating large and medium-sized enterprises is very necessary. The key to the reform lies in changing mechanisms and truly separating government functions and business management and relaxing control over management. We should grant full decisionmaking power to enterprises, allow enterprise directors to have a say, and truly relax control over enterprise management. [passage indistinct]

General Secretary Zhao Ziyang said: Jilin has many large and medium-sized enterprises. [passage indistinct] It is hoped that Jilin will select one or two enterprises to carry out experiments.

General Secretary Zhao Ziyang left Changchun on 27 July.

**Li Peng at Northern Forum on Economic Work**  
SK2907084488 Hohhot Inner Mongolia Regional  
Service in Mandarin 1030 GMT 27 Jul 88

[Text] The third forum on the financial and economic work of the people's congresses in the five provinces, autonomous region, and municipalities of North China opened in Hohhot on the morning of 27 July.



Present at the forum were Chen Muhua, vice chairman of the NPC Standing Committee and concurrently chairman of the Financial and Economic Committee under the NPC Standing Committee, and Bu He, deputy secretary of the Inner Mongolia Autonomous Regional Party Committee and chairman of the region.

Batubagen, deputy secretary of the regional party committee and chairman of the regional People's Congress Standing Committee, delivered a welcoming speech. On behalf of the regional party committee and the regional People's Congress Standing Committee, he extended a warm welcome to the leaders and all comrades participating in this forum.

The forum on the financial and economic work of the people's congresses in the five provinces, autonomous region, and municipalities of north China was initiated by the Financial and Economic Committee under the NPC Standing Committee in 1985, with the agreement of these five provinces, autonomous region, and municipalities. The yearly forum is devoted to exchanging, studying, and exploring the new situation, new problems, and new experiences in the financial and economic work of the people's congresses. The first and the second forums were held in Hebei and Shanxi Provinces.

Present at the third forum were responsible comrades of people's congress standing committees, financial and economic committees, rural committees, environmental protection committees, and municipal engineering construction committees of the five provinces, autonomous region, and municipalities of north China and of Heilongjiang, Jilin, Liaoning, Hunan, and Sichuan Provinces, Ningxia Hui Autonomous Region, and Shanghai Municipality.

Zhang Hangong, vice chairman of the Inner Mongolia Autonomous Regional People's Congress Standing Committee, presided over the forum.

Attending the forum were Vice Chairmen Butegeqi, Seyinbayaer, Xu Lingren, and Liu Zhenyi.

Li Peng, vice chairman of the Financial and Economic Committee under the NPC Standing Committee, made a speech at the forum.

Liu Zuohui, vice chairman of the Inner Mongolia Autonomous Region, briefed the forum's participants on the region's economic development and economic reform.

Attending the forum as observers were responsible persons of pertinent departments and bureaus under the regional government and responsible persons of the People's Congress standing committee of Hohhot, Baotou, Wuhai, and Chifeng Cities.

**Qiao Shi in Jilin Notes Serious Crimes**  
*OW2907064588 Beijing XINHUA Domestic Service in Chinese 1046 GMT 27 Jul 88*

[By XINHUA reporter Chen Mingxing and RENMIN RIBAO reporter Li Anda]

[Text] Changchun, 27 Jul (XINHUA)—Qiao Shi, member of the Standing Committee of the Political Bureau and head of the leading group for political and legal matters of the CPC Central Committee, inspected work in Jilin Province from 22 to 27 July. He called on all political and legal departments to further emancipate their minds and adapt to the new situation of deepening reform, actively promote the restructuring of political and legal work, and step up this work by gearing it closely to the need to establish a new order of socialist commodity economy.

During his stay in Jilin, Qiao Shi invited responsible comrades of the departments concerned of Liaoning, Jilin, and Heilongjiang Provinces to a discussion meeting on the issue of current public order and gave a talk. He said: China has made tremendous achievements in carrying out reforms, the open policy, and socialist construction since the 3d Plenary Session of the 11th CPC Central Committee. The reform is now at a crucial juncture and we must unswervingly push it forward by displaying the spirit of meeting any storm head-on. But the situation is grim and problems are numerous. There are some factors of instability such as serious crimes which are rising steadily and some ugly social phenomena which are also increasing significantly. Party committees, governments, and political and legal departments at all levels must never lower their guard but should instead foster the idea that maintaining social security is a protracted battle. On the one hand, we must pay attention to promoting reforms, the open policy, and economic construction. On the other hand, we must pay equal attention to dealing heavy and swift blows on crimes and severely punishing economic crimes in accordance with law in order to create a stable, social environment and guarantee smooth progress in promoting reforms, the open policy, and the four modernizations. All localities must show determination in suppressing the rising momentum of serious crimes. They should, by focusing attention on their local, prominent social order problems, carry out struggle specifically on some important cases so as to deal effective blows at various crimes. They should smash all criminal gangs and persistently crack down on and ban ugly social phenomena, ensuring that they will not spread.

Qiao Shi said: People's governments at all levels should pay attention to enforcing social security in a comprehensive way. This is an effective approach to prevent and reduce social security problems through taking the mass line in handling social security work under the new situation. They should continue to implement the principle of "whoever is in charge is responsible" and extensively practice contracted responsibility systems of various forms. Administrative and

local regulations and rules should also be adopted to legalize comprehensive enforcement of social security. It is necessary to promote, at the grassroots level, party building, the building of political power, and the building of mass organizations for social security in order to really implement the various social security management measures among the people.

Qiao Shi stressed: Party and government leaders should pay attention to making themselves familiar with the trends of thought of the masses. They should initiate dialogues with the masses, listen to what the masses have to say, be concerned about the people's daily life, do away with bureaucratic practices, and effectively improve their work. They should also energetically promote ideological and political work; conduct extensive education on the need to observe law and discipline and safeguard stability and unity; and seek to alleviate various social contradictions on their own. In addition, they should be fully prepared to handle all sudden and unexpected cases to ensure stable social order. Qiao Shi said: More clarity is also needed in the area of political and legal work. While it is imperative to make full use of the media to carry out education on socialist democracy and the legal system among the people, it is also necessary to use the media to make people understand political and legal work, be familiar with the work of political and legal cadres and policemen, and have timely knowledge about the truth of the social security cases that have occurred, making it impossible for any gossip or rumor to find a market and thereby be conducive to social security.

Qiao Shi also made important suggestions on how to promote the building of the ranks of political and legal workers. He pointed out: Political and legal departments at all levels should include honesty in handling government work as an important part of the drive to "strictly enforce police discipline." Leading cadres at various levels should set an example, and police officers and men should all practice honesty themselves. A publicity and inspection drive on the need to be honest in performing official duties and to observe law and discipline should be carried out with concentrated efforts several times each year. All violations of law and discipline should be handled seriously and in a timely manner, and no attempt should be made to cover up shortcomings or leave evil unchecked. Moreover, political and legal departments at all levels should systematize supervision by themselves, by the masses, by society, and by public opinion; perfect the mechanism for mutual restraint; and take measures in all other areas to enable the political and legal ranks to always maintain strong fighting power and enjoy mass support by forging closer police-people relations.

In conclusion, Qiao Shi stressed that people's democratic dictatorship must be strengthened and not weakened. Political and legal work must also be strengthened and not weakened. The party must strengthen its leadership over political and legal work in the political and ideological fields and in terms of principles and policies. It should support and guarantee political and legal departments in exercising their functions and powers.

Qiao Shi also inspected work in the Changchun No 1 Motor Vehicle Manufacturing Plant, the Changchun No 1 Radio Factory, the Changchun Film Studio as well as Yanbian Korean Autonomous Prefecture; heard briefings by the Jilin Provincial Party Committee and Yanbian Autonomous Prefectural Party Committee on their work; and made important statements regarding the issue of promoting party building.

**Qiao Shi Chairs Meeting Urging Work Supervision**  
*OW2907112888 Beijing XINHUA in English*  
0953 GMT 29 Jul 88

[Text] Beijing, July 29 (XINHUA)—Party, government and judicial functionaries have again been urged to work hard to guarantee a well-organized market economy and honest leadership, XINHUA learned today.

The appeal came from a recent high-level meeting called by Qiao Shi, member of the Standing Committee of the Political Bureau of the Central Committee of the Chinese Communist Party (CPC).

Attending were officials from the CPC Central Commission for Disciplinary Inspection, the CPC Central Committee's Organization Department, the Supreme People's Procuratorate, the Ministry of Supervision, and the Auditing Administration. They reported to the meeting the measures their organizations were to take to strengthen supervision.

Participants agreed that tightened supervision is a must as the reforms are being accelerated.

They called on the party's disciplinary commissions at all levels to take the lead in supervising the performance of party members, who now hold many positions in government departments.

Participants stressed the need to improve the supervisory systems so that people will know to whom to make accusations.

They proposed setting up centers where people can lodge complaints and installing special telephones to get more people involved in supervising over the work of party and government functionaries.

**Responsibility System for Policymakers Urged**  
*OW2807160888 Beijing XINHUA in English*  
0628 GMT 28 Jul 88

[Text] Beijing, July 28 (XINHUA)—China should establish a system to make policy-makers legally responsible for the decisions they have taken, says a signed article in today's "GUANGMING DAILY."

Along with the on-going political and economic reforms, the article says, laws and regulations have been promulgated to define the interests, rights and responsibilities of enterprise directors and managers.

"However, a legal system to delimit the powers and responsibilities of decision-makers at high levels has yet to be established," it says, adding that wrong decisions at higher levels have caused great losses to the state and the people.

In some cases, decision-makers responsible for the losses just receive disciplinary penalties, it says, but these are not enough and will fail to prevent future errors.

In a society ruled by law, the article says, it is necessary to establish a legal responsibility system to make them responsible for the consequences of their decisions.

"Legal responsibility is much more important and effective than political, administrative or moral responsibility to ensure that policy decisions are made in a scientific and democratic way," the article says.

Punishments on policy-makers who are responsible for wrong decisions should be made according to the Constitution, administrative laws, economic laws, civil laws, and in the most serious cases, according to the criminal laws, the article says.

**Scholar Claims Stalinist Model Blocks Reform**  
HK2907103088 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 1329 GMT 28 Jul 88

[Report: "Chinese Scholar Openly Questions the Stalinist Theoretical Model"]

[Text] Hong Kong, 28 Jul (ZHONGGUO TONGXUN SHE)—News from Shanghai: An article on the front page of SHEHUI KEXUE BAO (SOCIAL SCIENCE NEWS) today points out: When it comes to China's reform, "the most tremendous obstacle to it is Stalin's theoretical model and the greatest difficulty is that it is not easy to break away from such a model." This view was aired openly for the first time by a Chinese scholar.

The author of the article "The Stalinist Theoretical Model Is the Most Tremendous Obstacle to Our Country's Reform," economist Wang Zhiping, is director and research fellow of the Institute of Soviet and Eastern Europe under the Academy of Social Sciences of Shanghai.

Wang Zhiping said: "The Stalinist theoretical model" refers to Stalin's generalization and summation of the experience of revolution and construction under the then specified conditions in Russia and to his ideas and the ideas of the interest groups he represented, ideas which he attached to Marxism.

Wang Zhiping pointed out: Stalin's theoretical activities cover many fields, such as philosophy, economics, politics, historical science, the science of law, literature and art, and linguistics. Many viewpoints are incorrect and erroneous as we perceive now.

He gave examples: "There are many metaphysical errors of approaching problems one-sidedly or in terms of absolutes in Stalin's theories on transition to communism after completion of socialism, on industrialization and accumulation, on collectivization of agriculture, on socialist ownership, on planned economy, on the commodity production and the law of value under socialism, on the economic functions of the states under the proletarian dictatorship, and on the general crisis of capitalism." Moreover, these theories have had a profound and lasting influence in China. In his opinion, if these theories are not sorted out and instead they are still used as the standard yardstick to gauge China's current policy of reform and opening up to the outside world, this will inevitably defend all sorts of old mechanisms and hinder the development of new mechanisms.

Wang Zhiping appealed: "Let us break away from the Stalinist theoretical model which has spread for more than 5 decades and has been applied for some 3 decades in our country. The earlier and more thoroughly we do this, the better."

**Local Officials Younger, Better Educated**  
OW2907084588 Beijing XINHUA in English  
0541 GMT 29 Jul 88

[Text] Beijing, July 29 (XINHUA)—Younger, better educated persons have been elected to leading posts of provincial governments and people's congresses, today's "PEOPLE'S DAILY" said.

The paper said 24.4 percent of the governors, deputy-governors, chairmen and mayors recently elected in 28 provinces, autonomous regions and municipalities under the central government were under the age of 50.

In the last elections five years ago only 16.4 percent were under 50.

In addition, 74.4 percent have college educational level as compared with the 69.8 percent who did in the last elections.

The paper described "three firsts".

For the first time candidates were nominated by more representatives instead of being officially appointed.

For the first time the number of candidates nominated exceeded the posts to be filled.

And for the first time there was a joint recommendation of candidates by representatives.

"The new election is a success and has extended democracy," the paper said, calling the People's Congress system, "China's best choice in building democracy."



**Methods for Studying Scientific Socialist Theory**  
*HK2907142888 Beijing GUANGMING RIBAO*  
*in Chinese 18 Jul 88 p 3*

[Article by Liu Defu (0491 1795 4395): "Three Points on the Methodology for Studying Scientific Socialism"—passages in boldface as published]

[Text] In deepening the study of scientific socialist theory, I think we should effect the following three transformations:

**1. Readjust the frame of reference** In line with the micro structure of production relations Marx divided human society into "five major formations;" and in line with the macro structure of production relations he divided human society into "three major formations." In the past the studies of scientific socialism were invariably restricted to the "five major formations." Since realistic socialism [xian shi she hui zhu yi 3807 1395 4357 2585 0031 5030] is regarded as the historical outcome and the higher stage of capitalist development, it is inevitable that people should take the capitalist society as a principal frame of reference in theoretical studies. This can easily lead to the tendency of idealizing realistic socialism. This is one of the theoretical reasons why our social life has repeatedly been thrown into chaos. Realistic socialism is not built on the basis of capitalism. Practice has forced us to study socialist society more from the angle of "three formations" and to place realistic socialism in the the formation of commodity economy. This makes it necessary to put forward, in accordance with the inexorable law and internal requirement of the development of commodity economy, some issues which have not drawn people's full attention to date. Thus, it will be easy to use the theory to explain the realities. For example, if we observe problems from this angle, we shall be able to more profoundly understand the need to explore and solve the following major issues: In political formation the transformation from the highly centralized political structure to the democratic structure; in economic formation the transformation from the natural economy to the commodity economy; and in technological formation the transformation from the backward modes to the advanced ones.

**2. Shifting from the assessment of reality in terms of principle to the study of the actual development factors** No matter how different realistic socialism is from the socialism envisaged by Marx and Engels, we cannot overlook the fact that, beginning from the Soviet Union, people have based themselves on the kind of socialism envisaged by Marx. This has resulted in theorists always quoting the arguments of classical writers to judge or evaluate realistic socialism. However, they pay little attention to the law governing the growth and development of realistic socialism or do not have a due respect for the various actual developmental factors. They do not study in light of the realities or carefully consider how to proceed from the existing practical situation, to establish some specific systems conducive to the development of productive forces, to put forward the tasks

and the conditions needed for the establishment of every system while advancing toward the objective, and to see whether we are provided with such conditions and what we should do if we do not have such conditions. We do not have the necessary material and technological basis for building the socialism envisaged by Marx and Engels. Even if we have "built" it, it will turn round and change. What are the features of the realistic socialism built on the existing material and technological basis? How do we develop them? Since Marx did not prescribe this task, it is only natural that he did not answer this question. Therefore, it is urgently necessary for us to study and answer it.

**3. We should shift from stressing the study of the past to the study of the future** In the past, our aim in studying scientific socialist theory was to demonstrate the advantages of socialism so as to explain the present policies. It looks backward in the sequence of time. In so doing we can show the previous developmental paths (including setbacks and errors) and explain the party's resolutions and policies, but we cannot link history with the reality and the future and envisage the prospects of social development. It is difficult for us to put forward guiding, constructive, and critical views. For this reason, it is a theory oriented to the past. In essence, a society is not only what it is but also a process of constant development exceeding the present conditions. In sequence of time, all activities, whether the practice of mankind or socialist development, point to the future. Therefore, the study of scientific socialist theory should be shifted from stressing the study of the past onto the study of the future. It should have advanced ideas, effectively guide people's practical activities, and become a theory guiding the future development of socialism. In this way it can prove with its own functions that it is indeed a branch of "science" and is indeed valuable.

**Energy Experts Urge Boosting Nuclear Industry**  
*OW2907070188 Beijing XINHUA in English*  
*0557 GMT 29 Jul 88*

[Text] Beijing, July 29 (XINHUA)—Chinese energy experts have called on the state to move away from its predominant reliance on coal and boost nuclear industry, PEOPLE'S DAILY reported today.

The experts, who attended a recent seminar on the development of nuclear energy, say China's energy shortage will limit economic development and affect on-going reforms.

They suggest forming a diversified energy policy in line with local conditions.

This would involve building nuclear power stations in coastal areas short of coal and water resources and making a medium- and long-range plan to develop the nuclear energy industry.

**National Defense Linked With State Development**  
*HK2807134588 Beijing JIEFANGJUN BAO*  
*in Chinese 15 Jul 88 p 3*

[Article by Zhang Qinsheng (4545 3084 3932) and Zeng Guangjun (2582 0342 6511): "Long Live the Interests of the State"]

[Text] Abstract: The state's interests are the sum total of the demand of a sovereign state for its survival and development in the pattern of international relations. The starting point and the end result of the behavior of any sovereign state involving politics, diplomacy, economy, science and technology, military affairs, and so on are fully reflected in defending and promoting the state's interests. The state's interests are the fundamental basis for working out the strategy of the state and its military strategy. They are a great banner embodying the will of the nation, and calling on the whole nation to work hard for the prosperity of the state. Holding high the banner of the interests of the state is the only choice in order to enable our country to rank among the family of the world's powerful countries.

National defense is directly linked with the survival and development of a state. The nucleus of the concept of national defense is the concept of state interests. When we view the issue of national defense from the angle of state interests, we should have a strong global concept. At present, the threat to our state interests is mainly in the areas of economy, science and technology, and partial war and military conflicts on the sea around us. Ensuring a peaceful and stable international situation is inseparable from the correct political diplomacy and powerful military strength. To open up our country to the outside world and develop our export-oriented economy, we should also rely on our diplomacy and the strength of our national defense. Only thus will we be able to talk about equality and security under the conditions that hegemony and power politics still exist in the present-day world. Therefore, we can only strengthen our national defense rather than weaken it. To keep in line with the demands of the state's interests, the Army should deepen its reform and speed up its modernization program. [end abstract]

With the ebb of violent waves of personality cult, the word "long live" has scarcely been mentioned by persons of intellect. The Chinese nation has regarded the words "long live" as an extremely sacred expression. However, in the history of the past several thousand years, the word was not engraved on the monument of eternity. Today, we would like to dedicate it with all respect to the representative of the most lofty will of the people—the state's interests.

**A Great Banner Calling on the Whole Nation To Work Hard To Make Our Country Prosperous [subhead]**

From the very beginning, human beings regarded this great world as a foothold for their growth and multiplication. With the establishment of sovereign states, there occurred the struggle for defending and promoting state interests.

What are state interests? Although scholars both at home and abroad might give different answers to this question, their answers are inseparable from the two most fundamental factors—the survival and development of the state.

An American professor has divided state interests into the following essential factors: 1) survival and self-protection of the state, which include territorial integrity, political independence, and the maintenance of a basic political system; 2) self-supporting economy; 3) the prestige of the state; 4) external expansion. What he referred to is the situation in the United States. The coloring of hegemonism is naturally implied.

Several young research workers of our Army have pointed out that state interests are the sum total of a sovereign state's demand for its survival and development in the pattern of international relations. Our state interests include the following: a) The stability of the state with emphasis on the rights and interests of the state, its geographical interests, and its political system. All these cover our state sovereignty, territorial integrity, socialist system, our country's political and economic position in the Asia and Pacific region, and its links and intercourse with other parts of the world. b) Special interests which reflect the state's policy and aims for a certain historical stage, such as fulfilling the three main tasks of vigorously developing the economy at the present stage, opposing hegemonism to protect peace, and realizing the reunification of the motherland, and so on.

In the present-day international arena, the state is the principal part of the basic behavior in international relations. The basic motives for state behavior are the interests of the state. To protect and promote state interests, governments of various countries will naturally formulate strategies and policies that are beneficial to themselves so they can turn the abstract state interests into specific political reality.

To meet the demand of becoming hegemonists in international affairs, superpowers seek their cooperative partners based on ideology and social system to form their own alliances.

To invigorate their economy, Japan and Federal Germany established trade, scientific, and technological cooperative relations with countries of different social systems and ideologies in the world.

Egypt and Israel, on the one hand, and Iran and Iraq, on the other, resorted to force to deal with their conflicts involving state and national interests.

A modern state's demands for survival and development are many and varied. It will take various means to promote its interests. The starting point and the end



result of political diplomacy, economic cooperation, scientific, technological and cultural exchanges, and military actions are reflected in the "interests of the state." Just as the famous American political economist Morgenthau said: "As long as world politics still involves states, actually the ultimate expression of international politics can only be reflected in the interests of the state."

Today, in different countries there exist different strata and groups. They represent different interests. Even in a state apparatus, the financial, political, and military circles have their own different interests and demands. This will affect to a certain degree the formulation of the basic policy of the state and the state's behavior. The development of the history of mankind has shown us that it is a sign showing the maturity of the state that it can overcome the interference by various different political parties, classes, nationalities, and social organizations which represent the interests of different social groups and are handicapped by their narrow-mindedness and limitations. We should realize that state interests must be placed over and above all special interests. They must also be placed over and above the sum total of any special interests at home. This is precisely the reason we say that state interests are most paramount.

There is no doubt that state interests are the fundamental basis for the formulation of the strategy of the state, and military strategy as well. Strategic objectives—the main content of strategy—must markedly reflect the interests and demands of the state during a certain historical period. However, at all times such demands must be placed in order of importance and urgency. In the meantime, they are closely connected with both the international and domestic situation. Therefore, they involve the problem of judgment and choice. The wrong judgment or inappropriate choice will inevitably cause losses to the state, or lead it to go astray. According to statistics compiled by Western experts, in 50-year period from 1914 to 1964, when making a decision on launching, or expanding wars, more than 50 percent of the estimations made by decisionmakers on the intention and capability of the relevant states was wrong. Wrong judgments ruined the mountains and rivers of countries and brought about economic depression or political chaos. All this went contrary to the wishes of those decisionmakers. History has given people two warnings: First, strategic choice must be based on a sober and accurate estimation of the environment of the states concerned for survival. Second, in the whole process of implementing the established strategy, state interests must be taken as the highest code of conduct. Only thus can the state march toward a definite aim and keep in step.

State interests, which embody the will of the nation, are a banner that call on the whole nation to work hard to make the country prosperous. After World War II, Germany as a defeated country was in ruins. At that time, a report by the British Labor Government to the Lower House said: "Even if 1,000 tons of broken stones are cleared away every day, it will take 30 years to clean Berlin." However, under the banner of invigorating the

motherland, the German people worked together with one heart to rebuild their prosperous homeland on the ruins of war. Federal Germany only took the short time of one generation to build the country into an economic superpower in postwar Europe. One of the reasons contributing to the rapid development of Japan's economic, scientific, and technological forces after the war was that the Japanese Government and people took as their motto struggle hard for the overall interests of the state. In Japan the competition between various enterprises of the same trade is very keen, and members of enterprises must strictly keep the secret of their companies to protect their interests. However, if there is a clash between the interests of the enterprises and the interests of the state as a whole, the behavior of the enterprises concerned must be readjusted in accordance with the interests of the state. In this connection, the government has formulated the relevant laws and regulations. Various interest groups and various fields have established coordinating organs with the aim of striving for their common interests. Such examples are too numerous to mention individually in the history of development of human society.

Half a century ago, when the iron heels of the Japanese aggressors were trampling on our sacred soil of China and the Chinese nation was on the verge of destruction, our forefathers fought a bloody battle with one heart and one mind for the survival of our country and the pride of our nation. With the force of a landslide and the power of a tidal wave, we won a glorious victory in the war of resistance against Japan. Today, the Chinese nation is facing a severe challenge and the threat of being deprived of our "share in the world" because of our economic, scientific, and technical backwardness. Unity and hard struggle for the survival and development of our country are urgently needed. We should gather the party aspirations, popular feelings, and the will of the Army under the great banner of state interests. Only this banner of the state's interests will be attractive and appealing.

In the past, being swayed by ideology we overemphasized class and party interests, but neglected the state's interests. Today, when we have completely brought order out of chaos on the political front, it is completely necessary for us to reemphasize the state's interests. Today, holding high the banner of state interests is an inevitable choice for a country which is determined to stand on its own feet in the family of nations.

**The Concept on State Interests Is the Core of the Concept on National Defense [subhead]**

Security and defense are directly connected with the survival and development of a state. National defense exists in order to protect state interests.

People in different eras have different understandings of national defense. The traditional concept usually limits national defense to fighting a war. It is regarded as the task of the Army alone. The modern concept on national defense



covers a wider range. National defense has a function of both actual combat and deterrence. National defense forces consist of the Army as the main force and other nonmilitary factors connected with national defense, such as politics, economy, diplomacy, science and technology, natural and geographical conditions, and so on. The national defense capability demonstrates the systematic national power of a country. Strengthening the concept on national defense and enhancing national defense capability is not a matter of the Army alone. It is a matter involving the entire country and the entire people.

The state's interests are the core of the concept on national defense. The concept of national defense involves the lofty sense of responsibility of defending the sovereignty and pride of the state and territorial integrity, and the great ideal and aspirations for making the country powerful and invigorating the nation. If a serviceman or a common resident lacks a strong patriotic feeling; if he is so short-sighted as to pay attention to his personal interests, or the interests of his family and enterprise alone; and if he is indifferent to the destiny and future of his country, and to the fact that the territory and territorial waters of his country are being invaded, naturally it is impossible for him to truly comprehend the ancient motto "military affairs are a matter of primary importance of the state." It is also impossible for him to regard the strengthening of national defense as a sacred task of all residents, including himself.

Mankind is living in a new era characterized by intense competition. At present, the gap between the developed and the Third World in terms of poverty and prosperity is widening. In addition, with the rapid increase in population and the increasing depletion of natural resources, various kinds of acute friction, confrontations, and conflicts have existed in this world, which is getting narrower and smaller. Therefore, we should view the issue of national defense from the angle of state interests. Besides paying attention to our Chinese nation, we should have a strong global concept.

To contend for natural resources and a predominant position in science and technology, developed countries are stretching their arms to the oceans, frozen earth zones, and outer space.

To mankind, oceans today are no longer a way leading to a new continent, nor a key for controlling the world. What is more important is that we should explore and develop the oceans themselves. At present, there is a struggle for carving up and scrambling for the oceans based on economic and military goals. We should pay sufficient attention to this. Under the condition that oceans and deep seas have in practice gradually become an important space for the survival of mankind, this kind of struggle will become more and more acute. A worldwide competition aimed at expanding naval forces will inevitably occur.

A competition aimed at scrambling for outer space is a fact that must not be neglected. With the lapse of time, the livelihood of mankind and military action have become increasingly inseparable from the space. Federal German diplomatic expert (Wilker) has linked space with the civilization of big nations in the world. He maintains that the forces in international relations today are determined by various factors such as the mastery of new technology, political system, ideology, strategic thinking, and so on. Controlling and making use of space have become a main factor. He points out that in the next century concerning the universe and making use of outer space for military purpose will determine a country's position in international politics. The "Star Wars" program and the so-called "Oriental Eureka Plan [dong fang you li ka ji hua 2639 2455 1429 6849 0595 6060 0439]," and so on, which have occurred over the past 5 years, have shown that the competition of scrambling for space has entered a wider and more intense stage. This predicts that the competition will be an all-round competition involving politics, economy, science and technology, and military affairs. Any country that is unwilling to be deprived of their "share in the world" cannot avoid this challenge. During the difficult years of the 1960's, China joined the nuclear club, which strengthened our position in the world. However, once an agreement is reached banning the use and testing of nuclear weapons, we will lose our position as a nuclear power. In the face of such threat, many men of insight have strongly urged the development of our country's space technology, so that early in the next century Chinese space ships and manned space stations will enter the vast space.

Vigorously developing the economy is a fundamental aim of the present great reform that is being extensively carried out in China. Economic construction needs a peaceful and stable environment. The creation of such an environment is inseparable from correct political diplomacy and powerful military strength. To implement a plan of opening up to the outside world and develop an export-oriented economy, we should have more contacts with foreign countries and the outside world. This demands that we should rely on our diplomatic and national defense forces. Only thus can we ensure our equality and security in today's world in which hegemony and power politics still exist. Our national defense should be subordinated to and serve this central task and the general situation. Since it has shouldered this important task of "serving," it should be strengthened rather than weakened. This is a conclusion based on a global view of national defense.

At a national defense education meeting recently held in Sichuan Province, Yang Rudai, provincial party secretary, pointed out: The party and state cadres, middle-ranking and senior cadres in particular, should pay close attention to the security of our country, and show concern for national defense undertaking. He maintained that middle-ranking and senior cadres are working in important leadership positions, and that they are

organizers and decisionmakers of economic construction and national defense building. This demands that while making arrangements for work, they should pay attention to economic results and social benefits. At the same time, they should give consideration to our national security, and think of the needs of a future war. They should make preparations for the change from a period of peace to a period of wars. Otherwise, once the war breaks out, they will be thrown into passivity. Yang Rudai also stressed that efforts must be made to generally strengthen the social functions of national defense, so that our social organizations and residents will consciously fulfill their obligations and duties, respect and take good care of the Army, and show concern for, and support the development of our Army and national defense buildup.... [ellipses as published] Only by attaining this goal can our middle-ranking and senior cadres be worthy of the tasks they are shouldering. Proceeding from the overall interests of the state, Comrade Yang Rudai practically and specifically explained the necessity of strengthening the concept of national defense among all our residents, and leading cadres in particular.

National defense has occurred and been completed completely out of the need for the survival and development of the state. In his book "The Great S..." (John Collins) lays bare the truth with one pen... mark. He correctly analyzes the relations between the Army, the main body of the national defense, and the state's interests. He points out: "As far as the Army is concerned, it has no so-called objective or interests. The objective of the state is also the objective of the Army. The interests of the state are also the interests of the Army." During the revolutionary war years characterized by "political power growing out of the barrel of a gun," our Army as an armed group, which carried out the political task of our party of destroying the old state power and establishing the new one, was in a special position independent of state power. At that time, the so-called "relations between the Army and government" meant the relations between the Army and local people's governments. Since the founding of New China, our country belongs to the people. Our Army has become a component part of the state apparatus. Its special status of being independent of the state power has come to an end. Since then, the PLA has become the Armed Forces of the PRC. The mission of the PLA is no longer to fight for state power for the Chinese people, but to safeguard the security of the state. Therefore, all servicemen should clearly understand that the relations between the Army and the government mean, first of all, the relations between the Army and the state. The code of conduct of the Army is based of the interests of the state. The bounden duty of Army personnel is to fight for the interests of the state, and the whole nation as well.

We should regard national defense as something that is connected with the survival and development of the state, and establish a concept on national defense with the state interests as its core. This is a common demand set on all Army personnel and residents, on comrades who are

engaged in national defense work and other work, on the younger generation today, and on our descendants of the future generations. All countries are trying hard to link the concept on national defense and national consciousness with the state interests with the aim of promoting their prosperity. This will produce a powerful spiritual force among the people and the military men. The motto of the West Point Military Academy of the United States, "Country, Honor, Responsibility," has become a maxim of all U.S. officers and soldiers. After the explosion of the U.S. spaceship, people living on both the east and west coasts of the country, and people ranging from the head of state to primary school students, grieved over the death of their astronauts and gave donations. This demonstrated the concern of all American citizens for their state interests. Since ancient times, the Chinese nation has had an excellent tradition of constantly striving to become stronger. In the past, the Chinese people built the "Great Wall" with their flesh and blood to resist foreign aggressors, and eventually drove them out of China. Today, in the face of various kinds of threats and challenges, it is necessary to strengthen the concept on national defense among the entire Army and the people, and to foster a national spirit. This is a foundation stone on which the development of our Army and the prosperity of our country rely.

#### The Reform of the Army as Seen From the Survival and Development of the State [subhead]

The reform of the Army is actually a modernization campaign of the Army. Generally speaking, the aim and criterion of the modernization of national defense and the Army are to satisfy the needs of the interests of the state. Establishing a modernized army that can effectively defend state interests is the ultimate aim of the reform of our Army.

Intense competition based on the fundamental interests of protecting the survival and development of the state is a key melody of the contemporary era. For a fairly long period of time into the future, the threats to our state interests will mainly come from the following two aspects. 1) Economic, scientific, and technological challenge. Economy and science and technology have become a main field of international competition today. In these two fields, we lag far behind the developed countries of the world. This harsh reality demands that we should readjust our strategy for economic, scientific, and technological development to avoid the possibility that the gaps between us and those countries will be further widened. Otherwise, we will lose our due position in the world, and we will be downgraded to be "world residents" of the third or fourth class. 2) Our state security is facing the danger of partial war on the border and military conflict at sea. It is possible to prevent world war now, and even at the end of this century, or early next century. What merits our attention is that the situation along our border is complicated. There are many latent hot spots. In particular, territorial disputes involve a fairly large area of precious land and sea. Everyday Vietnam pumps out tens of thousands of barrels of our oil from the occupied territory, and plunders our natural resources. Our country



has always maintained that territorial disputes must be settled through peaceful means. However, the Vietnamese are impervious to reason. They are always ready to trigger off a partial war on the border, or military conflicts at sea.

In front of the threats mentioned above, state interests have demanded that our Army must do its best to maintain a peaceful and stable international environment. It should effectively defend our territorial integrity. In particular, it should ensure that our rights and interests at sea will not be encroached upon. We should give full play to the special role of our military forces in international competition. It must be closely coordinated with the work in the political, diplomatic, economic, and cultural fields. Only thus can our Army make a still greater contribution to invigorating the Chinese nation.

There is no doubt that if our Army fails to ensure the survival and development of our country, or to become an efficient instrument for safeguarding and promoting our state interests, this will be the greatest insult.

Today, modernization is a necessary condition for a powerful Army. It is an important factor directly connected with the combat effectiveness and deterrent force of the Army. Due to various subjective and objective reasons, the present modernization level of our Army is not yet in line with the demand of our state interests, and the development of modern warfare. The combat effectiveness of our ground force, Navy, and Air Force should be increased. This is the key driving force for the reform in our Army.

Reform will inevitably shake our traditional theories and old mechanisms. In the long history of struggle, our Army accumulated a wealth of experience for the development and operations of the people's army. It developed a series of theories on the building and operations of the Army. These experiences and theories, which were stained with blood, are very precious. Our previous victories have proved that they conformed with the then historical conditions and objective law. However, our theories were mainly developed 40 years ago. Three main changes have, at least, taken place in the environment and the structure of our Army. First, the environment of war has been changed into a peaceful period as a whole. Second, our Army is no longer formed by scattered ground forces alone. It is now a unified and comprehensive Army consisting of various arms of the services. Third, the period of destroying the old state power is over, and after the founding of New China, we entered a period of socialist construction. These three changes are qualitative changes. It is obvious that during the period of war the building of our Army was inseparable from the target of war and the operational tasks. During the period when our Army consisted of ground forces alone, we never considered the issue of three-dimensional warfare, or the matter of coordinated development. Before the founding of the People's Republic, no problem concerning the relations between the Army and state existed. The rapid development of science and

technology has put a higher demand on the modernization of the Army. The reality in the initial stage of socialism has compelled us to create new theories for the development of our Army, and change the previous structure of our Army formed in the early days after the founding of the People's Republic. Just as a leading comrade of the Military Commission has pointed out, the Army must conform with the demand of the new era to carry out an in-depth reform. Without reform, there will be no way out for the Army. We believe that all servicemen who desire to see a prosperous China and a powerful Chinese Army will wholeheartedly support the policy decision of the Military Commission and enthusiastically join in the mighty torrent of reform.

Servicemen should always think of the motherland and the one billion people, and merge their individual interests with the state's interests. The ultimate aim of the reform of the Army is to organize an Army with a scientific structure, good operational mechanisms, and high level of modernization. It must be powerful enough to defeat the enemy and win the future war. It must be able to outstandingly serve the state. The security interests and social benefits of building such an army will, of course, benefit each and every member of the Army, their families, and their descendants. The reform in certain systems might affect the immediate interests of some people. However, as long as the reform is beneficial to the development of the Army as a whole, every individual, every specific department, or unit will also be benefited. Today, even the class interests and the interest of various political parties must be subordinated to the state interests. Under such circumstances, how can we regard individual and local interests as paramount interests?

Viewing the reform of the Army from the angle of the state's interest and also guiding the reform and assessing its success or failure from such an angle will enable us to smoothly carry out the reform, which will produce a far-reaching influence over the overall development of our Army.

#### **PLA Ranks To Improve Military Effectiveness**

*HK2907054588 Beijing JIEFANGJUN BAO  
in Chinese 21 Jul 88, p 1*

[Report by Su Ruozhou (5685 5387 5297) from Beijing on 21 July: "Chinese Soldiers To Wear Military Insignias From 1 October"]

[Text] After the "Regulations on Military Ranks for PLA Officers" were passed at the second meeting of the NPC Standing Committee, the legislation work concerning the military ranks system for PLA rank-and-file soldiers began. Today, this reporter learned from the Army Affairs Department of the General Staff Headquarters, which was busy with the work of conferring military ranks on soldiers, that the regulations on the military service will be promulgated by the State Council and the Central Military Commission. Military ranks will be conferred on officers and men at the same time. On 1



October, all PLA soldiers and officers will wear insignias indicating their military ranks and the Army will display a new appearance in its regularization process.

In the PLA's first regulations on the military service, which will be promulgated by the State Council and the Central Military Commission, there is a chapter on military ranks for soldiers. It prescribes the types of ranks, the conferment of ranks, and promotion. There will be seven ranks in two types for soldiers: 1) There are two ranks for volunteer soldiers—Master Sergeant and Technical Sergeant; 2) there are five ranks for conscripted soldiers—Sergeant First Class, Sergeant, Corporal, Private First Class, and Private. Military ranks are conferred on soldiers according to their current posts, service time, performances, and skills and according to the standards for conferring military ranks.

Officials from the Army Affairs Department of the General Staff Headquarters told this reporter that after Central Military Commission Chairman Deng Xiaoping pointed out the necessity of restoring the military rank system in 1980, the General Staff Headquarters began to draft the regulations for the soldiers in active service. The guiding principle for formulating the military rank system for soldiers is to make the positions and relationships of the servicemen clearer. This will enable the Army to command and manage the troops more effectively; strengthen the army's organization and discipline; increase the army's combat effectiveness; encourage the soldiers to keep their minds in serving in the Army and to strive for promotion by improving their political and military quality; and will make the soldiers have a stronger sense of responsibility and honor to perform their duties better, exercise their rights and to dedicate themselves consciously to the national defense cause.

The comrades of the Army Affairs Department of the General Staff Headquarters said: In 1955, the military rank system was adopted among the officers and men of the PLA at the same time. This improved the command and management system of the Army; ensuring a unified command system; displaying the duties, positions, honor, and remuneration of the servicemen, and consolidating the organization and discipline of the Army. The military rank system was suspended for 23 years; the negative experience has made people realize its value. In today's world, military ranks exist in all regular armies. The lack of a military rank system in our Army with millions of troops does not suit its position among other armies in the world. It is now necessary to establish a new military rank system. This is an inevitable step in the army's modernization and regularization process. The adoption of the military rank system also is in line with the wishes of the troops. This reporter talked with some soldiers in the ground forces, Air Force, and Navy, and they all gladly said that the military ranks represent the honor the state and the people give us and also represent our responsibilities. We must not let down the

people who place high hopes in us, and must follow strictly the requirements prescribed by the service regulations and be faithful defenders of the motherland.

The adoption of the military rank system has also attracted attention in the entire society. This reporter contacted PLA soldiers' parents, some young students, and people from various social stratas. They all place ardent hopes on the building of the People's Army. They said that the Army embodies the dignity and image of the nation. If our officers and soldiers wear insignias indicating their military ranks, they will have a more decent manner and the Army will enjoy higher prestige in the world. It will also make the Army more attractive to youngsters. This is not only the common desire of the officers and soldiers, but also the hope of civilians. Famous painter Gao Songlu told this reporter: "A well-known Chinese saying goes that 'soldiers are the essence of the nation.' A nation should have its prestige and an Army should have a good appearance. Our Army should demonstrate the magnificence of a major power in the world." Mr Gao asked this reporter to relay his words to the soldiers. He said that on 1 October, he would particularly go to see the valiant and heroic bearing of the soldiers who wear the new insignias and would then paint some pictures to eulogize the People's Army which is advancing through reforms.

**Cigarette, Liquor Prices Soar in State Markets**  
*OW2807144188 Beijing XINHUA in English*  
1330 GMT 28 Jul 88

[Text] Beijing, July 28 (XINHUA)—Prices of "Maotai" and "Zhonghua", China's best brands of liquor and cigarets, soared by five times—and even as much as 14 times—on state-run markets today as their prices were allowed to float.

Observers here noted that this was the first time for state-run markets to sell such commodities at prices almost the same as those on the black market.

They said that it was also the first time for the state-run markets to decide their own prices, allow them to float according to market demand and compete with each other.

It is also part of the government program to reform the overall price system in a bid to build a new market mechanism, they pointed out.

In a nationwide television program on July 25, Yuan Mu, spokesman for the State Council, China's highest governing body, pledged: "The State Council will offer no new price measures for the rest of the year."

He acknowledged that the newly announced measures to free the prices of well-known brands of cigarets and liquor, and raise the prices of some products will affect some people adversely; the affect is limited.

In Beijing, there was no "Maotai," China's best-known liquor both at home and abroad, on the state-run markets today. It is expected to appear tomorrow or the day after, at a price of around 200 yuan (about 50 U.S. dollars) a bottle.

Interestingly enough, the prices of cigarets and liquor are different in different cities, and even in markets in the same city.

"Maotai" cost 150 yuan a bottle in Tianjin today, but not many people were buying it.

In Shanghai the price of the liquor reached 300 yuan—equivalent to the monthly income of a university professor.

Situated in the western district of Beijing, the Xidan Green Grocery, which caters mostly to medium-income customers, was selling cigarets and liquor today at prices lower than the markets in Wangfujing, the busiest downtown shopping center. This morning alone, it sold 79 bottles of "Maotai" and 1,100 cartons of famous brand cigarets.

Seeing the price hikes, a 36-year-old reporter from a newspaper in Beijing—a heavy smoker—sighed: "This is a big blow to me."

With 300 million smokers, China is the largest cigaret producer and consumer in the world. It produces more than 1,000 brands of cigarets, of which 200 will now be sold at higher prices.

Liu Jingru, a section chief at the China Cigaret Sales Company, told XINHUA, "There will not be much effect on most smokers, as they can turn to fixed-price cigarets."

He held that it is reasonable to widen the price gap between good and poor quality cigarets and let market forces have a say.

Zhang Zhuoyuan, director of the Institute of Commerce, Trade and Economics of the Chinese Academy of Social Sciences, said the free price system will help stop up all loopholes used by black marketeers.

An official from the State Administration of Commodity Prices told XINHUA that the central government has adopted new tax measures in tandem with the free price system in a bid to crack down on black markets and increase state revenue.

He estimated that the central government will reap several billion yuan extra from the new tax measures.

**Department Investigates Reforms in Rural Areas**  
*HK2907030588 Beijing JINGJI CANKAO*  
*in Chinese 12 Jul 88 p 1*

[Article by the Investigation and Study Department of the State Council General Office: "Investigation on Deepening Reform in Rural Areas"]

[Text] Editor's note: How to elevate China's agriculture to a higher level? This is an issue of universal concern and is a controversial one at present. It seems that to further develop China's agriculture, it is necessary to iron out the farm produce price mechanism, to increase input in agriculture, to spread advanced farming know-how, and to encourage optimum-scale management. This investigation report has proposed, "to make work force arrangements based on the law of value," "the need to take optimum-scale management as the key to deepening reform in those rural areas where conditions are ripe"; however, "they must be implemented based on voluntarism, and commodity operation," by no means should we resort to coercion and commandism, rounding up farmers, egalitarianism and indiscriminate transfer of resources. These views are worthy of note. [end editor's note]

Lately, we went to four counties under the jurisdiction of Tangshan and Shijiazhuang, Hebei as well as three counties in Shandong. We focused our attention on discovering and studying relevant problems in deepening rural reform. We were deeply impressed with the fine situation in agriculture, with some new breakthroughs made in rural reform. However, there are problems, which call for study and resolution. Our research and views are reported as follows:

**I. New Conditions, New Problems [subhead]**

With the development of rural reform since the 3d Plenary Session of the 11th Central Committee, the peasants' enthusiasm for production has been greatly stimulated. Farming has developed greatly, large-scale enterprises have been started in the rural areas, and the peasants have begun to take the path of commodity production. Important changes have taken place in production managerial mode in the countryside; many places have got rid of the self-sufficient small-scale peasant economy, and started the conversion to the commodity economy.

With the development of the commodity economy, the surfacing of different industries and the market economy, new conditions in which the law governing commodity production is applied to in determining and regulating workforce arrangements, have emerged in many parts of the rural areas. Some of the managerial units on household basis have been strongly affected and upset; others have been shaken. Such conditions took place mainly where industry and sideline production are comparatively developed, where more arable land is available, or breeding is rather developed. Two conditions have surfaced among the peasants in these places: Some peasants have changed the old



concept, whereby land is regarded as a means of subsistence, and their efforts have been shifted to industries yielding higher and steadier income. Others, who regard land as production material and means to become well-off, have begun to adopt advanced methods to organize their production based on the requirements of the law of value. Consequently, problems in two aspects have arisen: On the one hand, some people who were farmers only yesterday, have turned into rural enterprise workers and their income has far exceeded that derived from farming. They are not interested in farming, nor do they have the energy to take care of the land allotted to them for tilling. On the other hand, those farming experts and peasants who are confined to their land wish to extend their acreage. But their requirements cannot be met, because land has been divided among, and allotted to various households. Therefore, some people have to tend to their land while working in enterprises. They have to do farm work during the busy farming seasons, while working in enterprises during the slack seasons. Whereas those who wish to have more land to till and are capable of doing so, have found it impossible; hence the unsteadiness in grain output as well as industrial and sideline production.

In Gaojiadian Township, Qianxi, Hebei, 70 percent of the work force is engaged in mining. They have to stay away from the mine during the busy farming seasons. As a result, industrial production has failed to rise, while the problem of land going to waste has also surfaced.

The development of the rural commodity economy has brought changes in the peasants' income and those in the income structure of peasant households. Any household's income derived solely from working on a few mu of land is far lower than any labor force working in some enterprise or engaged in breeding. Due to short supplies, and price hikes of agricultural production materials by a wide margin, the increase in grain output involves greater input, whereas the income derived from grain production has reduced considerably. Therefore, people are not so enthusiastic about growing grain, and have begun to transfer to industry with higher income. The income structure of some peasant households has already changed from grain to wages. They rely less on the land for their income; therefore, it is rather difficult to stabilize grain production, and to control the blind readjustment in the agricultural structure. This is unfavorable to the healthy development of farming.

We think it necessary to start from the realities of the rural areas, to determine the focus in deepening rural reform to suit to the development of commodity production, and to push forward the new development of farming through reform. By no means should we guide farming based on the conditions and requirements of backward regions.

## 2. The Targets of Deepening Rural Reform [subhead]

Starting from the present rural conditions, it is necessary to stabilize grain output from a structural angle, by encouraging the peasants' enthusiasm for growing grains in policy, particularly in major grain production areas. This should be the starting point in deepening rural reform. In our views, the targets of rural reform are: First to stabilize grain output; and second, to guarantee a reasonable income for the peasants. These two aspects are contradictory, but we must consider how to unify them in deepening rural reform. The reason is grain has always been an important issue to be faced squarely in China; it has a huge population but not much arable land. It is impossible to stabilize grain production without a reasonable income for the peasants. Can the two contradictory aspects be unified? The answer, based on our field study is yes. Take Jiandao Village, Sijing Township, Huolu, Hebei for instance. The village has a population of some 2,400, with an acreage of 3,600 mu of arable land. In the past, they consumed between 600,000 and 700,000 jin of grain supplied by the state on an annual basis, with a per capita income of 24 yuan. Changes have taken place since the implementation of the system of contracted household responsibility related to output. With the development of industry and sideline production, workforce transfer has been realized. Apart from plots designated for peasants' own food raising, which are left to the management of every household, the rest of the arable land is either interplanted with grain and fruit crops or managed by specialized households. In this way, 15 percent of the village's work force are devoted to farming and orchard-tending; 70 percent engaged in industry and service trades; and another 15 percent devoted to sideline production. With work force readjustment carried out, grain output has increased by a wide margin. Gross grain output increased to 1.43 million jin from 430,000 jin in 1982. They are now self-sufficient in grain with some surplus; grain supplied by the state is no longer necessary. The per capita annual income has reached 1,094 yuan. Tanjia Village, Pingdu, Shandong, is another example. The village has a population of 840 with a work force of 400 and 1,700 mu of arable land. Because of the development of industry, sideline production and work force transfer, only 70 field hands are devoted to grain production, while 370 men are engaged in industry and sideline production, accounting for more than 80 percent of the total workforce. The work force devoted to farming has been cut back significantly, but grain output has kept at and above the level of 1.45 million jin, with the per capita annual income rising from 77 yuan to 920 yuan; moreover, a sum between 40,000 and 50,000 yuan has been taken from the villages' common accumulation for agricultural input on an annual basis. Many examples are evidence that the stabilization of grain output as well as peasants' income can be worked out and the key is to make work force arrangements based on the law of value. The root cause of the low income for grain production is a high labor force input along with a low efficiency. Through the realization of workforce transfer, the number of field hands devoted to grain production will be cut back to a reasonable basis, while the economic results of grain growing will be improved. In this way, grain as well as industry and sideline production will be stabilized. The key to cutting back labor force input



in grain production is to implement optimum-scale management. Based on the requirements of commodity production, Pingdu, Shandong, has pursued optimum-scale management on the basis of a farming service system including cultivation, irrigation, and harvesting; with unified farming and separate accounts on a household basis; the results are remarkable. Now over half the county's work force is engaged in industry and sideline production. The county's gross grain output has increased from 1.2 billion jin to 1.8 billion jin, while per capita income has increased from less than 200 yuan to 732 yuan annually.

We believe that in some rural areas with ripe conditions, appropriate optimum-scale management should be taken as the key to deepening reform to fulfill the targets of stabilizing grain production as well as the peasants' income.

### 3. Conditions and Forms of Agricultural Optimum-Scale Management [subhead]

Certain conditions are required for agricultural optimum-scale management. The conditions of work force transfer determines the scope of optimum-scale management. Some comrades believe that the implementation of optimum-scale management must involve running enterprises in a big way. This calls for capital and technology not too easily acquired under the present conditions. Hence, they have concluded that agricultural optimum-scale management is something for the future. Based on our field study, in many villages in which it is implemented, their industry is actually more developed in addition to a greater accumulation. But there are also quite a few cases with other conditions. For example, Zhonghuangzhen, Pingdu, is a small, strictly agricultural township, far from any large city, and its industry is anything but developed. However, optimum-scale management has been implemented. The township has 36 villages under its jurisdiction, with a population of 27,800 in 6,800 households, and an acreage of 70,000 mu of arable land. Starting from the actual conditions of the township, they have realized workforce reorganization by centering around grain production and the development of breeding and planting. Through optimum-scale management of cattle and pig breeding, part of the workforce has been transferred. Centering around breeding, a service system has been built, which includes fodder processing, reproduction, slaughtering, cold-storage, and marketing, with another number of work force transference. A farming service system centering around grain production has also been set up, including farm machinery, irrigation, and harvesting. Now optimum-scale management is implemented on 70 percent of the arable land. Its gross grain output in 1983 was 382.6 million jin, and 558.4 million jin in 1987, up by 45.9 percent. The township has also raised 21,400 head of cattle and 2.6 million pigs. It has a water surface of 1,600 mu for fish breeding, with an output of 300,000 jin, and 200,000 ducks in optimum-scale management. The per capita annual income was 456 yuan in 1983, and 871 yuan in 1987, up by 91 percent. The volume of contracted grain purchase rose from 400,000 jin to 6.5

million jin over the same period, up 15 times. It is the same case in Qiaduihou Village, Muping. It has made use of its own advantages by developing chicken breeding for export in optimum-scale management, setting up a service system including reproduction, cultivating, and fodder processing. Thus large-scale work force transfer as well as optimum-scale management in farming has been made possible. We believe that the realization of agricultural optimum-scale management is the tendency in productive force development as well as the inevitable result of commodity production development. Therefore, to pursue agricultural optimum-scale management, first it is necessary to start from the condition of productive force development; second, the principle of voluntarism must be adhered to; and third, economic results should be improved. Any divorce from practice, violation of the masses' will, or rigid pursuit on the strength of administrative means is doomed to failure.

There are three forms of agricultural optimum-scale management:

The first: Agricultural farms. This form is chiefly characterized by management in the mode of enterprises, with a fixed number of workers, and the implementation of the contracted responsibility with management along with a semiwage system. An industrial corporation was founded in Tanjia Village, Santi Township, Pingdu County, Shandong, with three farms under its jurisdiction. The corporation has implemented contracted managerial responsibility on the farms to the effect that they are under a grain purchase contract involving 300,000 jin aside from a per capita quota of 500 jin for the villagers' own consumption. The farms may plant crops based on the market needs on condition that fulfillment of the contracted tasks be guaranteed. Regarding distribution, out of the targeted gross output value of 200,000 yuan, a profit of 74,000 yuan is to be handed over to the corporation, with another 62,000 yuan spent on wages of the farm workers, and the surplus will be shared between the corporation and the farm in percentage. In this village, the average annual wage for those who are engaged in industry is 1,200 yuan, and the average for those in farming is between 1,000 and 1,200 yuan. It has basically realized stability in grain as well as industrial and sideline production. The village's gross grain output has stabilized at and above 1.45 million jin, and its gross income has increased from 1.677 million yuan to 6 million; moreover, certain agricultural input on an annual basis has been guaranteed.

Dongoufang Village, Ninghai Town, Muping County has a population of 1,200 in 406 households, with an acreage of 830 mu of arable land, on which 550 mu is planted grain and 140 mu planted vegetables. Because of the development of village-run enterprises, more than 90 percent of its work force has been transferred to factories or shops. Some of the households did farm work while simultaneously working in factories. In the end, their land was wasted. Many households needed to stop their contracts with the land. Under such circumstances, the

village has organized grain production, vegetable farming, and orchard teams with a work force of 140, to contract for all the arable land of the village.

The village authorities have fixed: the number of workers in each specialized team; output; production costs; income as well as punishments and awards. Grain output has stabilized at around 1 million jin, with per unit output of a single crop exceeding 1,818 jin. In a village where the per capital acreage of arable land is 0.4 mu, it has managed to fulfill the state grain purchase contract that involves 290,000 jin, aside from per capita 400 jin for the villagers' own consumption; at the same time, the village has provided the city with 6 million jin of vegetables. The farming workforce has made a per capita annual income of around 2,000 yuan, which is a little higher than those engaged in industry.

Management in the form of farms involves certain conditions, namely, a larger proportion in industry and sideline production, with a stronger economic strength and guarantee of an annual agricultural input.

The second form: Two systems for land. This form is based on work force transfer, and the necessary readjustment of the system of allotting responsibility for tilling the land. In essence, land is allotted on a per capita basis for grain production for the villagers' own consumption, and the remainder will be contracted with responsibility, while biddings are invited for contracting the latter. Some of it will be contracted to farming experts or households with more hands. The condition for contracted responsibility is the fulfillment of the contracted grain purchase. The implementation of such a measure will avoid extensive management because of the lack of labor force in some peasant households, and reduce the difficulties in mechanized farming because of the small plots of land. This will play a certain role in stabilizing output. But from a long-range view, such a measure cannot be a solution to stabilizing grain output, because the bearing capacity of the peasant households is limited, making it difficult for them to increase agricultural input every year. At the same time, such a measure contradicts with maintaining for 15 years the policy to allot responsibility for tilling the land; contractors' short-term behavior is hardly avoidable. If the masses should return the contracted land on a voluntary basis, the implementation of this measure will be feasible in some townships and villages, while creating some conditions for the further implementation of optimum-scale management.

And the third is the implementation of optimum-scale management with unified tilling, insecticide spraying, irrigation, and harvesting as the essences. This measure is characterized by the consistency of allotting land to peasants for tilling while rendering services to them with compensation. Most of the villages implementing such a measure have set up several service companies, in such

systems as farming machinery, vegetation, seeds, irrigation as well as supply and marketing. They have contracted items which the peasants are unable to cope with, and need their service, while leaving those items which the peasants are capable of doing to the peasants themselves. For example, in Pingdu, Shandong, a complete three-level network of services including farming machinery and nursing of good breeds has taken shape to render services to those peasants who need them with compensation. Thus optimum-scale management has been pushed forward with improved economic results.

Having compared different ways of optimum-scale management, we believe that the optimum-scale management with the system of contracted household responsibility related to output as the basis, and services as the essence, which include unified cultivation and separate account on household basis is the most feasible one. The advantages of this form are: 1. It takes into consideration the peasants' ideological bearing capacity. 2. It suits farming, which is characterized by being on and off in snatches. 3. The existing contracted responsibility system will remain unchanged. 4. The economic results are better, being favorable to grain production as well as the development of industrial and sideline production. However, the following conditions are required: 1) They must be implemented based on voluntarism, and commodity operation; coercion and commandism, rounding up farmers, egalitarianism and indiscriminate transfer of resources will never spell out success. 2) Industry, animal husbandry, forestry, and orchards in rural areas must be developed to a certain degree, while conditions for rural workforce transfer must be ripe. 3) A complete set of service systems set up to take up those items of "farm work beyond the peasants' capabilities." And, 4) The economic results be marked. Regarding the whole country, there may not be many localities that possess the abovementioned conditions; however, we believe that in the north, especially many localities in the northeast do possess or basically possess the conditions for optimum-scale management. If optimum-scale management is to be spread in major grain-producing areas; and helps them to make breeding and planting come up in and to open up channels to enable workforce transfer a big way, it will be very favorable to grain production as well as to rapidly upgrading the peasants' income level, while relaxing the contradictions between the state and the peasants in distribution. In areas where conditions are unripe or are unnecessary to implement optimum-scale management, it is necessary to stabilize peasants' enthusiasm with the completion and perfection of the system of contracted household responsibility related to output as the main content; and adopting the measure of encouraging well-off villages to absorb some workers to run factories (farms) by helping them develop diversified management to improve their production conditions and increase their income. In sum, we should not require unanimity in deepening rural reform, nor should we adopt a single pattern.



**Contract System, Price Reform Create Friction**  
*HK2907035188 Beijing JINGJI RIBAO*  
*in Chinese 19 Jul 88 p 1*

[Article by reporter Zhan Guoshu (6124 0948 2873):  
"The Contract System Is Confronted With a Test"]

[Text] A storm has suddenly come and befallen the contracted management responsibility system of enterprises which is just 1 year and several months old.

Although the price reform has not formally found its way to the public, it has stirred up ripples and waves throughout the country:

The latest figures provided by Beijing Municipality show that because of the price rises for raw materials, the contracting enterprises throughout the municipality this year may lose a total of 990 million yuan which would otherwise have shown up as profit.

Shanghai Machinery and Electric Power Bureau reported that the price of nickel had quintupled in just a few months and risen from 20,000 yuan a ton to 100,000 yuan a ton. The enterprise was stunned and poured out endless grievances....

There is no need to give figures and the reason is clear—the contract system with a "rigid base" as characteristic is being pounded at by the price reform.

Where does the contract system go?

I. [subhead]

It seems that some incoordination and even "antagonism" exists in the two: the contract system—price reform. According to the view of economic theoretic circles, the contract system is based on a management mechanism which microeconomically enlivens enterprises while the price reform is aimed at macroeconomically building an equally competitive market mechanism. The aims of the two of them are different and their point of emphasis are also different.

The contract system must be implemented and the price reform must also be carried out. Are both of them extremely antagonistic and "mutually exclusive?"

So long as we go forward one more step, we shall discover that the price reform and contract system are not always at odds with the contract system and its pounding at the contract system is mainly the pounding of the violently changing external environment at the relatively stable contract base. In other words, will the contract base change when the prices of raw materials rise?

"The contract base was worked out on the basis of last year's price level and as the external conditions have changed this year, the contract base must surely be readjusted accordingly." In Qingdao, 20 percent of the

enterprises have called for a "readjustment of the base," whereas, according to the statistics of Zhejiang Province, the proportion of enterprises demanding a revision in the contract has reached 30 percent!

Must it change or not?

"Our attitude is that it is inadvisable to readjust the base quickly; otherwise, like a breach in a large embankment, it is irremediable." Ying Zhonghua, vice chairman of the Beijing Municipal Economic Commission, clearly stated his view without concealment.

"We have also endured with dogged will and in principle, it will not be readjusted." Yang Kaimao, vice chairman of the Guangdong Economic Commission: "We do not readjust the base for the sake of maintaining the seriousness of the contract on the one hand and pressing the enterprises to tap their internal potential and raise their economic results on the other hand."

"We do not easily make alterations, nor do we completely close the door." Yin Mingdao, vice chairman of the Zhejiang Provincial Commission for Restructuring Economic System, explained this way: "Easily making alterations would unavoidably evoke a chain reaction and greatly reduce taxes and profits collected by the state and local governments and it is unbearable; if the door for contract readjustment is entirely closed, it would be too rigid and leave no room for maneuver."

Is it not amenable to reason not to allow the majority of enterprises to readjust their base and how can the enterprises endure?

II. [subhead]

Let us examine the practical situation.

Beijing Municipality, whose profits would be reduced by 990 million yuan this year due to price hikes, also has another group of statistical figures: From January to May this year, industrial enterprises throughout the municipality gained 11.8 percent more profit than in the same period last year. The profits and taxes they turned over to the state increased by 14.6 percent in the same period.

In Guangdong, which has relaxed price control to the greatest extent and made prices most flexible, despite a 37.2 percent increase in raw material prices in the 1st half of this year, profits earned by enterprises recorded an increase of 11.1 percent over the same period last year.

This encouraging situation is also found in Jilin, Anhui, Hebei, Heilongjiang.... On the one hand, enterprises have complained about raw material price hikes and on the other hand, after implementing the contract system, they have announced good news about an increase in profits earned and profits and taxes turned over to the state over the same period last year.



What an obscure phenomenon which provides much food for thought! How could the enterprises quietly "digest" the pressure of the frequent raw material price hikes?

Further analysis will probably help us solve this riddle.

Hebei Province recently investigated the rise in product prices of 52 major industrial enterprises. From January to May this year, raw material prices increased by 168 million yuan but their product prices increased by 170 million yuan. They not only did not incur losses but also "reaped" some profit.

The proportion in Tianjin is slightly lower. In the 1st half of the year, raw material prices rose by 500 million yuan and the prices of the product prices of the enterprises by 370 million yuan.

The proportion in Qiqihar is even lower. Raw material prices rose by 150 million yuan but product prices by only 30 million yuan....

The answer to the riddle has been published: Through the chain transmission from input to output, the pressure of raw material price hikes has not entirely fallen on the shoulders of the enterprises!

### III. [subhead]

After peeling off the layers one after another, we have gradually gotten to the core of the problem: The impact of the price reform on the contract system "drives" the great majority of enterprises into the ocean of the market. While these enterprises are raising their labor productivity, in the initial stage, they adopt the most straightforward and most "effective" measure, which is to raise their product prices accordingly.

"If the raw material prices are high, the product prices must be high. If control is relaxed, the control on both side must be relaxed. This can then be fair!" Shouted factory directors, who have done things this way.

Enterprises' instinctive price hikes are restricted in two aspects: Policies and the market.

So far as some enterprises are concerned, raw materials "are purchased at a high price" but their products are not permitted "to sell at a high price" or are not temporarily permitted to "sell at a high price" because they are restricted by the state policies for various reasons. While their prices are restricted, the state should give them the necessary assistance, which includes subsidies or the revision of the base of individual enterprises (revision is also a kind of subsidy).

Regarding the great majority of enterprises whose prices are not restricted by the state, whose products can be "sold at a high price, and whose raw materials are purchased at a high price," their base cannot change,

their profits must be turned over to the state, and the power over these enterprises is completely held in the "invisible hand" of the market:

If raw materials "are bought at a high price," your products can surely "be sold at a high price" but if the market does not accept the price or if the market accepts it in the beginning but does not accept it later, you are then compelled to tap enterprises' internal potential, to raise economic results, and try to put your products, which are lower than the "socially necessary labor-time," into the market again; if the price is still not accepted, you have to work even harder to improve efficiency.... In the market competition which moves in endless cycles and spares no one's sensibilities, efficient enterprises will survive, develop, and become strong, whereas those poorly run will go out of business—this is a "picture of market competition" which is the only alternative the enterprises have after the control over the prices of the means of production has been relaxed and this is also a "picture of social progress," which conforms to the original intention to carry out the price reform and contract responsibility system.

To make progress, we must surely run a certain risk and pay a certain price. One of the prices is the overall rise in the prices of the consumer goods in a certain period of time caused by "transmission" from enterprises to enterprises after the control over the prices of the means of production has been relaxed. Can the consumers accept it? The key lies in whether or not the state can adopt corresponding measures so that their practical income will not drop and at least, their interests will not be infringed upon too much. The other price is that after enterprises are compelled to enter the ocean of the market, a fair number of enterprises will surely go bankrupt, close down, or merge. The cost may be agonizing or even cruel but it will bring about a great emancipation of the social productive forces, great progress, and the revitalization of most of the enterprises in the new environment of the reorganization of the industry mix and of the betterment of the allocation of resources.

If we can succeed in this, it is the most welcome integration of microeconomic invigoration and macroeconomic revitalization and is the new mechanism of the "advancing of double track" of enterprises and the market.

If this is the impact of the price reform on the contract responsibility system and if the price reform is a test of the contract system, we have no reason to hesitate or flinch!

**Shanghai Paper Views National Economic Situation**  
HK2807151188 Shanghai SHIJIE JINGJI DAobao  
in Chinese 18 Jul 88 p 2

[Article by Zhang Zhongji (4545 6988 1015), Qiu Xiaohua (6726 2556 5478), and Yan Kalin (7051 0595 2651): "Rough Estimate of China's Economic Situation in the First Half of 1988"]

[Text] The latest statistics of the State Statistical Bureau indicate that China's economic situation in the 1st half of

this year is excellent. Apart from the rapid growth in industrial production, the brisk rural economy, and the increase in exports by a big margin, enterprises have attained better economic results, investment in fixed assets is now under control, and both state revenue and incomes of urban and rural inhabitants have further increased. This momentum of economic development will continue in the latter half of the year. Naturally, there are some problems in the current economic life that merit attention. We should judge the situation from an overall point of view. It is necessary to especially treasure the unprecedented excellent situation and seize the favorable opportunity to promote the price reform.

1. Production: The rapid growth, efficiency, and stable quality with some improvement in industrial production have been normal on the whole. Investment in agriculture has increased, good harvests have been reaped in summer grain crops, and pig production has turned for the better. However, more efforts should be made to strengthen grain production.

In the 1st half of this year, the country's industrial output value totaled 577.3 billion yuan, a 17.2-percent increase over the same period last year. Of this sum, light industry rose 18.1 percent and heavy industry went up 16.2 percent. Production of marketable goods increased rapidly, while the overstocked and unsalable goods were brought under control. Labor productivity of industrial enterprises rose 9.2 percent, the period of capital turnover was shortened, quality remained stable with some improvement, and profits and taxes increased by 12.3 percent over the same period last year.

Benefiting from reform and opening up, industrial production grew rapidly and achieved better results. First, the reform of enterprise operation mechanism further aroused the enthusiasm of the enterprises and workers. In the first half of this year the total output value of state-owned industrial enterprises increased 12.8 percent, the newly increased portion accounting for 50.5 percent of the portion increased in industry as a whole. The implementation of the coastal development strategy accelerated the economic development of the coastal areas. The total industrial output value of Jiangsu, Fujian, Shandong, and Guangdong increased by 24 to 31 percent; and production of the three kinds of foreign-funded enterprises increased remarkably. Second, the large-scale investment over the years began to turn out effects, this year's production conditions improved somewhat, generated energy rose 12 percent, and loans for industrial circulating funds increased by around 20 billion yuan over the same period last year. Moreover, the great social demand will give impetus to the growth in industrial production.

Looking forward to the latter half of the year, the favorable conditions for industrial production may diminish while the influence of unfavorable factors may increase.

The industrial growth in the first half of this year is normal on the whole. It is different from the excessive high growth rate in 1985 because the rapid growth in production was not followed by excessive investment. It was not supported by large amounts of foreign exchange and did not lead to overstocking of goods. The better economic results, improved quality, and increased labor productivity also accelerated the growth in state-owned enterprises.

In the first half of the year, investment in agriculture rose somewhat and capital goods for farming purchased by peasants increased by 24.3 percent over the same period last year. Despite the drought, floods, and other natural disasters, good harvests have been reaped in summer grain. The total output is estimated to reach 90 million tons. With the readjustment in the sown structure of crops, the sown area of cotton, cured tobacco, sugar-bearing crops, and fruit will increase remarkably. According to preliminary estimates, the annual output of all industrial crops, except oil-bearing crops, will increase. Pig production is turning for the better. The number of pigs slaughtered increased 2.5 percent and the sows in stock rose 2.5 percent. It is estimated that pig production will develop toward a favorable direction in the latter half of the year, easing up the short supply of pork in the market. Rural industry has developed in a sustained manner. The total output value of township industry increased 32.8 percent over the same period last year. Industry run by villages also rose 30 percent.

Because of the low comparative advantages which have dampened the enthusiasm of the peasants for growing grain, the natural disasters, the delay in the supply of agricultural capital goods, and price hikes, the prospects for grain production are by no means optimistic.

2. Investment: Investment in fixed assets has been brought under control, the investment structure is heading toward rationality, and the key construction projects are appropriately completed.

In the first half of this year, investment in fixed assets by state-owned units totaled 67.8 billion yuan, a 14.2-percent increase over the same period in 1987 but lower than the growth rate of 21.5 percent in the same period last year. Of this sum, investment in capital construction rose 13.6 percent and investment in revamping and technical transformation went up 15.7 percent, the lowest rate compared with the same period over the past few years.

Of the investment in capital construction, investment in productive projects increased 20.8 percent; and the proportion of this investment to the investment in capital construction rose from 67.1 percent in the same period of 1987 to 71.4 percent and investment in non-productive projects decreased 1.2 percent and its proportion to the investment in capital construction dropped from 32.9 percent to 28.6 percent. The proportion of energy and raw materials industries rose from 41.8 percent to 45 percent. Investment in the state's 203 key



construction projects totaled 16.1 billion yuan, accounting for 47 percent of the annual plan, higher than the nation's average progress rate of 35.9 percent.

3. Circulation: The domestic market has been brisk and most of the commodities are selling well. International trade has flourished and good results have been achieved in deepening the reform of the foreign trade structure.

In the 1st half of the year net purchases of social commodities increased by 22.4 percent over the same period last year. Most of the commodities were marketable, and sales of food, garments, and other commodities increased remarkably. In the 1st half of the year retail sales rose 24.6 percent over the same period in 1987. In the 2d quarter the large and medium-sized cities readjusted the prices of the four major commodities, including pork, vegetables, eggs, and sugar. Thanks to the correct timing, that is, the peak period of vegetable and egg production and slack season of pork consumption, the results were better than expected. It is estimated that the rapid growth in retail sales will be maintained in the latter half of the year.

According to statistics provided by customs, in the 1st half of the year the total value of imports and exports increased 22.4 percent over the same period last year. Of this, exports rose 26.2 percent. Exports of materials processed and installed for foreign clients, electromechanical products, garments, and other manufactured goods increased remarkably, while primary products and the commodities exported on quotas, including cotton yarn and cloth, decreased somewhat. The balance of imports and exports showed a big drop in deficits.

4. Distribution: State revenue, profits retained by enterprises, and incomes of urban and rural inhabitants increased, but the practice of everyone sharing food from the big pot still prevailed.

In the first half of the year, state revenue increased 10.2 percent over the same period of 1987; profits retained by the budgeted state-owned enterprises totaled 12.7 billion yuan, up 15.5 percent; wages of staff members and workers and other personal expenses withdrawn from the banks totaled 142.5 billion yuan, up 23.7 percent; and the per capita cash income of peasants increased over 25 percent.

Egalitarianism remained a serious problem. In a number of localities, wages and bonuses each accounted for 50 percent of the workers' wages, and what is more, everyone had a share of the bonuses. The practice of egalitarianism and enterprises vying with one another in issuing more bonuses was serious. Because of the practice of enterprises and units vying with one another in issuing more bonuses, the reforms actually aimed at eliminating egalitarianism were to no avail.

5. Prices: Prices soared, involving many fields. Price reform should be more transparent and the policy of "readjustment, lifting of restrictions, and management" should be implemented simultaneously.

In the 1st half of the year the general retail price index rose 13 percent over the same period last year, the highest rate of price increase over the past decade. Prices rose by a bigger margin in the large and medium-sized cities. In 32 large and medium-sized cities, the cost of living price index rose 14.4 percent. A new characteristic of the price increase is that the prices of most of the commodities rose in varying degrees. Besides the rising prices of food, prices of other commodities also increased. The price increase of manufactured goods for daily use constituted an essential factor stimulating price increases as a whole. It is estimated that the price situation will be stern in the latter half of the year.

The cause of price increase and the main problems in price reform include: First, excessive issuance of currency; second, consumption outstripping production, leading to imbalance of supply and demand; third, imperfect market mechanism, too many intermediate links, and extra quotas added by each level; fourth, a lack of necessary supervision and management, any unit or individual being able to raise prices at will and make exorbitant profits through price hikes, and the practice of localities vying with one another in raising prices has reached a grave extent; fifth, the measures for price reform are not well-coordinated, there is a lack of overall measures adopted to balance the reform of commodity prices, and prices have spiraled; and sixth, the target of price reform is not transparent, the masses complain that the target of price reform is not clear, and they have doubts and misgivings about the reform as they know nothing about price hikes.

6. General Social Demand: General social demand and general supply are unbalanced. To mitigate the contradiction between supply and demand, it is necessary to increase effective supply and transfer the consumption funds.

Although industrial production has increased rapidly and social supply has further improved since the beginning of this year, social demand has outstripped demand, further aggravating the contradiction between supply and demand. According to preliminary calculations, the general social supply rose 17.2 percent in the first half of the year, while the general social demand increased 31.4 percent. This is because: First, financial expenditures outstripped revenue; second, loans granted by banks increased remarkably, cash payments outstripped cash receipts, and excessive currency has been put into circulation; third, retail sales of commodities outstripped purchases and group purchases increased by 19 percent over the same period last year; and fourth, ex-budgetary investment rose 70.9 percent.



**Commerce Ministry Reiterates Tie-In Sale Ban**

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Service in Chinese 1342 GMT 27 Jul 88

[Text] Beijing, 27 Jul (XINHUA)—The Ministry of Commerce recently issued a circular reiterating the ban on tie-in sales.

The circular says: According to recent reports, the trend of tie-in sales has gained ground again in some localities. This has harmed, not only consumers' interests, but the reputation of state commerce. It has also disrupted the order of circulation of socialist commodities. Therefore, the Ministry of Commerce reiterates the following: State commerce should continue to implement the relevant regulations of the State Council and concerned departments on the ban on tie-in sales. Commodities which are to be distributed according to plan should be supplied according to plan. Except for this, state-owned retail stores must not compulsorily ask consumers to buy their unsalable goods, while selling them commodities in short supply. Leaders of those enterprises violating such regulations will be investigated for their responsibility, the monthly bonuses for personnel involved in such a case will not be issued, and those enterprises involved will be disqualified from being chosen as outstanding units. Big and medium-sized retail stores should institute or improve the system of mass supervision, set up consumers' books, and often solicit opinions from consumers. Departments in charge of enterprises should build channels for the masses' supervision of enterprises and for a dialogue with the masses, such as setting up telephones by which the masses can exercise their supervision. This will enable enterprises to promptly find out the opinions of the masses. Commercial administration departments at all levels should educate large numbers of cadres, workers, and staff members to firmly resist and overcome various unhealthy trends, and to contribute to further improving commercial practices and strengthening the building of socialist spiritual civilization.

**Cadres Urged To Resign, Start Businesses**

HK2807141588 Beijing RENMIN RIBAO  
in Chinese 24 Jul 88 p 1

["Weekly Commentary" by Lin Baoquan (2651 0202 0356): "The Crowded 'Official Circles' and the Empty 'Market Place'"]

[Text] Recently, I am happy to hear that over 100 cadres with the rank of department head in Liaoning Province have resigned to contract enterprises or business undertakings.

At present, the "official circles" are really overcrowded. In a certain province, there are 330,000 party and government cadres. Such a huge contingent of cadres could form 10 or 20 group armies. Although the size of the "official circles" has been expanded again and again, the supply of "official posts" still falls short of the demand, which means that there are still more cadres

than official posts. As a result, in order to obtain the limited numbers of official posts, these cadres have been engaged in both open strife and veiled struggle with one another. The cadre contingent has suffered a serious internal crisis. The promotion of a lot of competent and talented cadres who are relatively young has been delayed year after year. As a result, these competent and talented cadres who are relatively young have become disappointed and unhappy because they think that they have worked hard but in vain for half their lifetimes.

Compared with the "official circles," the field of commodity economy is vast. Over the past few years, although the number of people engaged in commercial and enterprise operations has increased, these people still form a minority compared with our country's population of 1 billion. In many counties, each with a population of several hundred thousand people, there are only a few presentable enterprises or trade groups, or even few enterprises or trade groups which are unrepresentable. In the commercial lanes in some cities, some 20 percent of the hawkers there are either ex-prisoners or people who have undergone reeducation through labor. Now, these people have turned over a new leaf. We should encourage these people to do business. Many of them have been able to observe the law and discipline and have made contributions to society with their own labor. However, no doubt some of these people have violated the law and discipline again and have been engaged in illegal activities. The reason the market place is so dull is because the market place has trained and produced only a small number of qualified personnel, and the broad masses of cadres have not gone to the market place to start new undertakings. It is a pity that such a vast market place, which could have played an important role in developing China, has been left idle!

Now the situation is changing. The big wave of reform and commodity production is pounding at the traditional mentality of the broad masses of cadres. Among the cadres, there has been a gratifying tendency or trend: Many cadres have resigned from their official posts to start their own businesses. The brave ones have already started doing so. Many cadres still have reservations about this tendency. This is quite understandable because many of them are still under the strong influence of traditional concepts. To many people, holding an official post is the only way to become successful. Resigning from an official posts to start one's own business is shameful. Therefore, many cadres would rather stay in the official circles and endure humiliation than go to the market place to start their own undertakings. Such a mentality is really outdated. If it is true that under the old structure, characterized by the product economy, the only way to become successful was to hold an official post, then today, when the commodity economy has been greatly developed and the market place has provided a vast field for us to demonstrate and develop our talents and skills, is there any reason we should not go to the market place to start new undertakings?

The "official circles" are overcrowded, whereas the "market place" is as vast as the sea. The prosperity of our motherland and the development of our nation lie in the deepening of the reform. The keynote of the reform is to develop the socialist commodity economy. The development of the socialist commodity economy cannot be separated from the development of the market place. The policy of "small government, big society" implemented by Hainan Province conforms with this law. The experiences of the developed countries have provided us with many precedents. Now the stage has been erected and the road has been built. Why shouldn't all the ardent sons and daughters of the Chinese nation, who have high aspirations, conditions, and enthusiasm, go to the market place to start new undertakings? The market place is a new world where people can enjoy the new life but will also have to overcome the difficulties of the new life.

**1988 Coal Consumption Surpasses Production**  
*HK2907123588 Beijing CEI Database in English*  
29 Jul 88

[Text] Beijing (CEI)—Coal consumption surpassed that of production in China this year due to soaring industrial production growth. Departments concerned predicted that coal will still be short of supply in the second half of this year and stocks will continue to dwindle.

From January to May, coal output was 39.1 percent of that of the year's plan, an increase of 3.26 percent over the corresponding period last year. The total output of this year is expected to rise by 2.1 percent.

China made a 17.2 percent increase in gross industrial output value in the first six months over the same period 1987. The consumption of coal from January to May increased 25.51 million tons over the same period of last year. Coal demand of this year is 5.7 percent more than last year.

The national coal stock dropped by 19.46 million tons from January to May owing to the soaring consumption. It is expected that coal stocks will drop to the lowest level since 1984.

**State Council Urgent Circular on Harvest Work**  
*OW2807150388 Beijing XINHUA Domestic*  
*Service in Chinese 1126 GMT 27 Jul 88*

[Text] Beijing, 27 Jul (XINHUA)—The State Council recently issued an urgent circular calling on all provincial, autonomous regional, and municipal governments to stress striving for bumper autumn agricultural harvests and fulfilling the annual plan for increasing grain output in economic work for the second half of the year.

The urgent circular pointed out: The overall agricultural situation in the 1st half of this year was good. The area of cash crops, such as cotton, sugar-bearing crops, tobacco, tea, and fruit and vegetables, increased, showing a good development trend. However, the production of grain

and oil-bearing crops now faces many problems. Because of frequent severe natural disasters, outputs of summer grain crops and early rice are expected to be equivalent to or only slightly higher than last year's figures. We must rely on good autumn grain harvests to meet the targets for increasing grain output this year, and the task is very arduous. Therefore, people's governments at all levels must do the following work seriously and well:

1. It is necessary to concentrate on field management for autumn crops. At present, the conditions of autumn grain crops and cash crops in fields are uneven for many reasons. All localities must pay attention to the production of autumn grain and oil-bearing crops and strive for high per unit yield. During the crucial period between now and the beginning of autumn all localities should provide peasants with specific guidance for specific crop conditions, improve field management, and surely implement measures to increase production in accordance with the "bumper harvest plan."

2. Efforts should be made to increase the area of late autumn crops. At present there is still time to successfully grow late autumn grain crops and the potential for increasing output is great. All localities must seriously devise effective measures and race against time to grow more late autumn grain crops, and grow them well. Rice paddy regions in the south should strive to double-crop late rice and develop the production of aftergrowth rice. Localities that have the necessary conditions should grow as much late autumn crop as possible to make up for inadequate summer crops.

3. It is necessary to actively organize the masses to create farm manure and apply more organic manure. There is more rain and the temperature is higher in the fall season. We should seize this opportunity to deliver more urban manure to the countryside, turn stalks into compost, and create more organic manure. We should use both organic manure and inorganic fertilizer, take good care of the land while using it, and improve soil productivity.

4. In order to reap good harvests, it is necessary to fully prepare to combat natural disasters. There have been frequent natural disasters in China this year due to abnormal climatic conditions. At present, summer droughts and high temperatures are continuing, and in some regions floods and hailstorms are very serious. People's governments at all levels must establish the concept of combatting natural disasters to ensure good harvests. They must persistently combat droughts and prevent floods at the same time. The departments concerned should take the initiative to help solve problems concerning the supply of chemical fertilizer, insecticide, diesel oil, water, electricity, and funds that are urgently needed for autumn agricultural production.

5. Timely preparations should be made for autumn and winter sowing. In order to improve the situation of stagnation in the summer grain and oil-bearing crop outputs in the



last 2 years, people's governments at all levels should make early preparations for autumn and winter sowing, while paying attention to present production.

6. It is necessary to strengthen leadership in agricultural production. In economic work in the 2d half of this year, people's governments at all levels should stress striving for bumper autumn agricultural harvests and fulfilling the annual plan for increasing grain output. Leading cadres at all levels should be in the forefront of production to help peasants solve problems there. All trades, professions, and departments should energetically support agricultural production. In particular, agricultural banks and the departments in charge of agriculture, agricultural machinery, water conservancy and electric power, and agricultural means of production should firmly serve agricultural production and make concerted efforts to help ensure bumper agricultural harvests for the whole year.

**Electromechanical Products Chamber of Commerce**  
HK2807133588 Beijing CEI Da. base in English  
28 Jul 88

[Text] Beijing (CEI)—China Electromechanical Import and Export Chamber of Commerce was established on July 21.

The organization is in charge of import and export of China's electromechanical products and is a semi-official social body which promotes coordination between its members and provides them with services.

Those who are not members of the chamber, will not be authorized to conduct the business of import and export of electromechanical products.

Currently, the organization has more than 600 member units, and the number is expected to reach over 1,000.

China's export of electromechanical products has seen a speedy development. The export value last year totalled 3.8 billion dollars, covering 9.6 percent of the nation's whole export value.

**Personnel Minister on Intellectuals Problems**  
OW2807201988 Beijing XINHUA in English  
1454 GMT 27 Jul 88

[Text] Beijing, July 27 (XINHUA)—Chinese Minister of Personnel Zhao Dongwan promised here today to help solve difficulties plaguing intellectuals during his term of office.

In a talk with 10 senior scientists, the minister said that at present Chinese intellectuals are being bothered by three major problems: low wages, poor working conditions and difficulties in getting professional titles compatible with their abilities.

"Although difficult to handle, the problems can be solved," Zhao said.

During the discussion, the scientists put forward their opinions on dealing with these problems. Zhao said that his ministry is making a plan in this respect and it will be publicized for implementation after revision on the basis of opinions solicited from people in various fields.

Such dialogues between officials and senior experts are a new practice adopted by the ministry. The criticism and suggestions will be earnestly studied and handled, the minister said.

**Trade Unions Needed in Private Enterprises**  
HK2807150388 Beijing GONGREN RIBAO  
in Chinese 19 Jul 88 p 1

[Report by Wang Lu (3769 6424): "Official of Organization Department of All-China Federation of Trade Unions on Setting Up Trade Unions in Private Enterprises"]

[Text] Several days ago this reporter went to the Organization Department of the All-China Federation of Trade Unions and interviewed the official in charge. According to the official, it is imperative to set up trade unions in private enterprises with reform deepening and commodity economy expanding. At present, experiments on setting up trade unions in private enterprises can be conducted at selected points, and experiences earnestly summed up and gradually spread to other private enterprises.

Following are the replies given by the official to this reporter's questions.

**Question:** How are things with China's private enterprises?

**Answer:** According to rough estimates by the State Administration for Industry and Commerce, there are over 225,000 private enterprises across the land, with staff and workers totaling 3,600,000. Some private enterprises possess assets worth several million yuan, and employ several hundred workers. A few private enterprises in the southeast coastal areas have fixed and current assets worth about 10 million yuan. Private enterprises play a positive role in promoting production, enlivening the market, and meeting the demands of the people.

**Question:** Is it allowed to set up trade unions in private enterprises? Is the organization subject to the approval of the authorities?

**Answer:** In light of the "Law of the People's Republic of China on Trade Unions" and the "Interim Regulations on Private Enterprises of the People's Republic of China," staff and workers in private enterprises are entitled to establish trade unions. Since enterprises are an economic sector with employee-employer relations based on hired labor, the two parties have conflicts as well as common interests. In many private enterprises nationwide, the contradictions between employers and workers are increasingly manifesting themselves and many problems have yet to be solved, such as labor



conditions, forms of payment of wages, working hours, welfare, award and punishment systems, and so on. Therefore, it is very important to have trade unions to coordinate employee-employer relations and safeguard employees' legitimate rights and interests. Private enterprise trade unions will also play a positive role in helping employers to do a good job in running their enterprises and to expand the productive forces. As with state-owned enterprises, the setting up of private enterprise trade unions is subject to the approval of a trade union at the higher level in accordance with relevant regulations.

**Question:** Is there any difference in the tasks of trade unions in state-owned enterprises and private enterprises? What fields should they devote more efforts to?

**Answer:** China's private enterprises are linked to the predominantly public-owned economy and greatly affected by it, whereas they are basically different from it in ownership, labor relations, and distribution relations. Hence, trade unions in private enterprises are fundamentally identical to trade unions in state-owned enterprises in carrying out the trade unions' policies and in performing the trade unions' basic tasks, yet they should not follow the latter's formulas as far as the focal point of the work, the content of the work, and the form of activities are concerned. On the whole the responsibilities of trade unions in private enterprises are as follows:

1) Help the employer to make a success of running the enterprise, and expand the productive forces. 2) Defend the legitimate rights and interests of staff and workers. The trade union, on behalf of the employees, should take part in the management of the enterprise according to law, attend the negotiations to solve problems concerning the interests of employees, and safeguard the legitimate rights and interests of staff and workers through signing collective contracts or agreements, ensuring gradual improvement of labor and living conditions with the expansion of production. 3) Help to lessen contradictions between employer and employees and correctly handle relations between the two parties. 4) Help staff and workers to study politics, culture, science, and technology, and heighten their political consciousness, sense of organization and discipline, and cultural and technical levels.

**Question:** Would you talk about points needing attention in setting up private enterprise trade unions?

**Answer:** As it is not long since private enterprises were again allowed to operate and the situation is quite different from that in the early days of the founding of the People's Republic of China, the following four points should claim attention in setting up private trade unions:

1. Stick to the principle of voluntary participation, the requirements for membership, and the procedure of submitting applications for formal approval.
2. Uphold democracy. Leaders of the trade union must be selected through democratic election at a general meeting of trade union members or the trade union members' representative assembly. No organization or person should be allowed to force any voter to elect or not to elect any person, and the employer must not be permitted to interfere in the election.
3. Adhere to the principle that the trade union is run by its members. Private enterprise trade unions should give full play to activists, and make full use of spare time to conduct various activities. Private trade unions should have only a few or no cadres who are not engaged in production.
4. Insist on reform. A private enterprise trade union should develop an organization system and new ways of doing things adapted to private enterprises, and make the trade union a popular and democratic body.

**32 Scientists Named to Technology 'Brain Trust'**  
WA2807171788 Beijing RENMIN RIBAO  
in Chinese 9 July 88 p 3

[Summary] On 7 July Qian Xuesen [6929 1331 2773] and 31 other well-known scientists and technical specialists were formally appointed to the national defense science and technology "high-level brain trust," the Science and Technology Committee of the Commission of Science, Technology, and Industry for National Defense. This "brain trust," which was created 6 years ago, plays a significant advisory function in major national defense S&T decisionmaking. The appointment of Qian, et al, represents the first time the commission has selected advisors and members from the country at large. Other appointments include Chen Fangyun [7115 5364 0336] (electronic technology), Cheng Kaijia [4453 7030 3946] (physics), and Ci Yungui [1964 0061 2710] (computer technology).

### East Region

#### Forum on Shandong 'Document No 1' Ends SK2807092488 Jinan Shandong Provincial Service in Mandarin 2200 GMT 24 Jul 88

[Excerpts] At a provincial forum to implement the provincial General Office's Document No 1 for 1988, Lu Maozeng, deputy secretary of the provincial party committee, emphatically pointed out: All localities should continue to solve the problems that puzzle the peasants. It is necessary to use relevant central documents as guidelines, draw on the experience of Tancheng County, and resolutely and persistently promote honesty among party and government organs and the sound development of the rural commodity economy.

This forum opened in Jinan on 22 July. During the forum, the participants summarized and exchanged experiences on the situation in implementing the provincial General Office's document No 1 and solving the problems that puzzle the peasants. [passage omitted]

Comrade Zhang Changli, member of the Standing Committee of the provincial party committee, presided over the forum and relayed the guidelines of the speech given by responsible comrades of the Central Political Structural Reform Research Center after hearing briefings on Tancheng County's situation. In his speech, Comrade Lu Maozeng fully affirmed the remarkable achievements of the province in implementing the provincial General Office's document No 1 during the first half of this year and put forward specific demands on further successfully carrying out this work during the second half of the year.

1. We should further enhance our understanding of the problems that puzzle the peasants, [words indistinct], strengthen our confidence in solving problems and our sense of emergency and responsibility, match words with deeds, and rapidly translate our work into action.

2. We should consider solving problems that puzzle the peasants as the important task in implementing the relevant central documents and maintaining honesty among the party and government organs. Problems that puzzle the peasants come from various quarters, but most are related to the work style of party and government organs as well as to the work style of various trades and professions. Therefore, all localities and departments should consider the solution of problems that puzzle peasants as an important task during the implementation of the central circular and the circular of the provincial party committee on maintaining honesty among the party and government organs and should enable the broad masses of party members, particularly leading cadres, to do good things for peasants and the masses with utmost efforts.

3. We should accelerate and deepen reform and comprehensively solve the problems that puzzle peasants; comprehensively improve all aspects, such as economic order, management systems, social laws and discipline, and social habits; and explore and gradually establish a new order during the rural commodity economic activities.

4. We should conscientiously study and promote Tancheng County's experience. The provincial party committee has called on all localities and departments to earnestly study and draw on Tancheng's experience, grasp the existing major problems in line with our own reality, and realistically solve the problems which the masses are much concerned about.

5. We should strengthen leadership. Party committees and governments at all levels and the various provincial-level departments should consider solving peasants' problems as a rigid task, set a rigid target, and persist in exerting unremitting efforts to grasp the task through to the end until it yields good results.

#### Shandong's Liang Buting Writes on Export Economy SK2907074788 Jinan DAZHONG RIBAO in Chinese 27 Jun 88 p 1

[Excerpts] The magazine "MARCH TOWARD THE WORLD", a comprehensive publication with the purpose of "introducing Shandong to the world and introducing the world to Shandong" has been formally published in Jinan recently and is now on sale at home and abroad. [passage omitted]

The just-published first issue of the magazine "MARCH TOWARD THE WORLD" carries an article by Liang Buting, secretary of the Shandong Provincial Party Committee: "Stride on the World Arena With an Even Braver Attitude." [passage omitted] Following is the article by Liang Buting.

The magazine "MARCH TOWARD THE WORLD" has been formally published during the new period in which Shandong's economy is changing from a domestic-oriented economy to an export-oriented one. This is an event of great significance.

The strategy for economic development of coastal areas, set forth by the central authorities, has pushed the basic point of Shandong's economy to a still higher stage. It is certainly no easy job to make Shandong's economy embark on an orbit designed by the central authorities. To this end, we are required to have an even braver attitude. Being regarded as a solid social practice, the brave attitude should be based on a new social ideology. Because Shandong is an old haunt of the Qi and Lu Dynasties, as well as the hometown of Confucius and Mencius, the specified production mode and cultural tradition has brought about a popular atmosphere of being diligent, brave, genuine, and simple, but has also cultivated such general habits as being complacent, close-minded, and conservative. This has directly



affected the great transition from the domestic-oriented economy to an export-oriented one. Over the past few years, we have done much work in this regard, thus effecting a great change in people's ideology and concepts. However, the people's minds have not been emancipated greatly enough to meet the demands of opening to the outside world. The emancipation of minds is the prerequisite for emancipating productive forces and developing an export-oriented economy. Under the current situation in which the changing structure of the international economy provides us a good opportunity to develop our economy, the emancipation of minds has become an extremely urgent task. Therefore, we must unflinchingly seize the link of emancipating minds and apply the experiences gained from the practice of opening to the outside world in order to successfully conduct the work of renewing our thinking. In addition, we should help the people emancipate themselves from traditional economic concepts; to look at the large world market undergoing a myriad of changes in the blink of an eye; and to expeditiously understand the information in the fields of international economic construction, science and technology, production and management, and market demands. The people should also be helped to intensify their senses of crisis, urgency, and competition so that the people's concepts and the public opinion will truly suit the demand of developing the export-oriented economy.

In the past, our foundation for developing the export-oriented economy was relatively weak. Now, by focusing our efforts on changing this weak foundation, we should do pioneering work, accelerate and deepen reform, and promote the work of opening to the outside world with the achievements of reform. It should be said that our policy decisions have always been formulated on developing the export-oriented economy in line with the practical situation of our province and on the basis of overall planning for economic construction. We have recently defined the principle of "opening the eastern part of the province to the outside world and developing the western part of the province"; the principle of "placing both ends on the world markets—meaning that the coastal areas should buy raw and semi-finished materials on the international market and then export the processed goods"; the principle of "developing the processing of products with materials provided from abroad, the processing of goods with patterns supplied by foreign customers, the assembly of imported materials, and the compensatory trade"; and the principle of "putting one end of the production process on the domestic market and the other end on the world market." These principles are aimed at handling relations between the domestic and the world markets appropriately, thereby increasing Shandong's contributions to the domestic and world markets and making the opening of the eastern part of province and the development of the western part of province promote each other. Shandong Peninsula is a treasure land. Its exceptional advantages in geographical position; its abundant resources of agricultural products, mineral products,

aquatic products, and tourist spots; and its relatively well-developed industrial and agricultural production have all provided extremely favorable conditions for developing an export-oriented economy. We should not regard our advantages in rich natural resources as a mental burden; least of all should we give them up. Economic development is an organic whole. On the one hand, we should seize the opportunity of the world market's large-scale readjustment to emphatically place both ends of the production process on the world market and to develop the processing of products with materials provided from abroad, the processing of goods with patterns supplied by foreign customers, the assembly of imported materials, and the compensatory trade with a view to changing the sparrow warfare and the contact battle in the past to a mobile warfare and positional warfare. We should also develop imports and exports on a large scale; open our province to all parts of the world; truly push all cities and counties in the coastal areas, which are designated to open to the outside world, onto the international market for competition; and strive to make substantive progress and breakthroughs within a relatively short period of time in the fields of expanding exports, utilizing foreign capital, importing technologies, and developing the "processing of products with materials provided from abroad, the processing of goods with patterns supplied by foreign customers, the assembly of imported materials, and the compensatory trade." On the other hand, taking into account the changes in the international market as well as various other factors, we must pay attention to giving full scope to the favorable conditions of Shandong to implement the principle of "putting one end of the production process on the domestic market and the other end on the world market" and to vigorously develop the products which can be exported and which can earn foreign exchange. In opening themselves to the outside world, the eastern coastal areas of the province are indispensable with the support of the western areas of the province. Similarly, the western part of the province cannot deviate from the promotion by the opening-up of the eastern coastal areas. Some of the products turned out by the western areas can be sold through the opening-up of eastern areas. At the same time, our province can take advantage of the opportunity that the coastal areas "put both ends of their production process on the international market" to replenish the domestic markets. Therefore, we must appropriately handle the relations between international and domestic markets and promote the close cooperation between the eastern and western areas of our province and between our province and those inland provinces and regions in the western part of our country. By so doing, we can boost the economy of the whole country by giving overall consideration to the demands of the central authorities, the provincial authorities, and the various localities and by making the best possible use of the province's abundant natural resources.

There must be intangible conditions in order to develop export-oriented economy. In the spirit of reform, we must abolish those regulations, systems, managerial systems, and various types of conventions that should be



abolished and change those that should be changed lest we be hedged in with outdated and traditional things or the progress of opening to the outside world be delayed. So we must conscientiously formulate preferential policies that are conducive to opening to the outside world. The formulation of policies should be conducive to the development of productive forces and conform to the demands of the objective law. We must persistently enforce the central authorities' relevant policies and fully and flexibly apply them. We must positively do the things that are conducive to opening the country to the outside world and developing the productive forces. The recent formulation of the policies, including the "several regulations on developing the export-oriented economy," indicated that our province has made a bigger stride in creating a favorable social environment for investors and manifested the province's determination and sincerity for developing the export-oriented economy. In addition, we must persistently eliminate things that do not suit the reality of Shandong. Along with the ceaseless deepening of opening to the outside world, it is certain that the people will have some new requirements, and it is possible that many new contradictions will emerge. So, we must study and solve these problems in a timely way. In order to create favorably intangible conditions for foreign investors, we must accelerate the reform of the foreign trade structure, balance the relationship between organs in charge of foreign affairs, upgrade work efficiency, and at the same time strengthen the construction of the organs stationed in foreign countries. In short, we must open various channels for laying bare to the world as soon as possible Shandong's economic advantages, its potential for development, its favorable conditions for putting the supply of raw materials and the marketing of products on the world market, and its preferential policies on developing the export-oriented economy. We should extensively make friends with the people in the whole world so that they will better understand Shandong and so that the people in Shandong will better understand the world. By so doing, can we promote the development of Shandong's economic construction and all undertakings and pioneer a wide road for making Shandong march toward the world.

I hope that the magazine "MARCH TOWARD THE WORLD" will closely proceed from the economic development strategy for coastal areas to positively guide the people to foster the ideology, idea, and style that suit the development of the export-oriented economy and to place Shandong's economic development into the great international economic environment so that the province will take a braver attitude to step on the world economic stage.

**Shanghai Fights Corruption Among Officials**  
OW2807180788 Beijing XINHUA in English  
0601 GMT 28 Jul 88

[Text] Beijing, July 28 (XINHUA)—The Shanghai municipal government has worked out measures against corruption among its officials and government offices.

According to today's "PEOPLE'S DAILY", some government offices and officials have abused their powers to profiteer on goods in short supply or ask for fees in performing their duties.

To fight against corruption Shanghai has announced eight regulations against reception of gifts or money.

Government offices and officials are forbidden to run business firms or to involve in commodity sales.

Special offices have been set up to channel people's accusations or complaints of officials' ill practice.

**Shanghai To Establish New Development Zone**  
HK2807134388 Beijing CEI Database in English  
28 Jul 88

[Text] Shanghai (CEI)—The State Council of China has recently approved the construction of a third economic and technological development zone in Shanghai—the Caohejing New Technology Development Zone.

The first two development zones are in Minhang and Hongqiao. The former is focused on industrial manufacturing while the latter is supposed to provide service facilities.

The new development zone used to be a microelectronics industrial zone, whose construction started in September, 1986. With a total investment of 10 million yuan by the Shanghai Municipality, infrastructural construction and public facilities, including sewerage, water, gas, and electricity supply and telecommunication channels, have been completed in an area of 0.57 square kilometers. And roads have been built and opened to traffic. High-tech enterprises from both home and abroad, involving a total contracted investment of 120 million U.S. dollars, including 55.11 U.S. dollars [as received] of foreign investment, will be built in the zone.

The new zone will cover 5 square kilometres and build enterprises ranging from biological engineering, space science, communications, and electronics to microelectronics, information technology, optical fiber and laser.

Located to the west of Shanghai and seven kilometres from the Hongqiao International Airport, the zone has already built over 10 schools of higher learning and dozens of research institutions as well as over 30 enterprises of electronics, instrument and meter, telecommunications and space.

**Shanghai Secretary at Political Work Meeting**  
OW2807181488 Shanghai City Service in Mandarin  
2200 GMT 25 Jul 88

[Text] The Seventh Enlarged Plenary Meeting of the Fifth Shanghai Municipal CPC Committee is scheduled to be held on 26 July. The meeting will discuss and study how to improve and strengthen ideological and political work in Shanghai in the new situation.

In order to prepare for the convocation of this meeting and draft related document, secretary of the municipal party committee Comrade Jiang Zemin has spent more than a month investigating and studying at the grassroots level in order to find out ways to improve and strengthen ideological and political work under the new historical conditions. He has thus obtained a lot of first hand information. During investigation and study, Comrade Jiang Zemin expressed his important opinions on improving and strengthening ideological and political work. He said: In the initial stage of socialism, we must strengthen ideological and political work. Under the new situation of deepening reform, further opening to the outside world, and developing the socialist commodity economy, there will certainly be fierce assaults on the traditional system, concept, and ideology, and there will be some adjustment of interest on various sides. People's minds are now quite active and they have many thoughts. Some people may have some doubts and complaints. We must grasp the reform and opening to the outside world on the one hand and tackle ideological and political work on the other. Through ideological and political work, we can whip up people's enthusiasm for socialism, stimulate their fervent spirit to dedicate themselves to the cause, strengthen their sense of unity, and encourage them to make contributions to revitalizing Shanghai and the Chinese nation.

Comrade Jiang Zemin emphatically pointed out: In order to strengthen ideological and political work in the new historical conditions, we must inherit and carry forward the fine tradition and integrate it with our search for new experience. In improving the system of ideological and political work, we must improve methods and closely link contents of ideological and political work to the actual situation.

In his investigation, Comrade Jiang Zemin showed great concern for how ideological and political work should suit the new situation following the enterprises' implementation of the system of having plant directors assume full responsibility. He said: If the plant director also assumes full responsibility for promoting both material and spiritual civilization, he will be able to integrate the long separated production, ideological, and political work. However, this does not mean, in the slightest degree, that party organizations can slacken their efforts in ideological and political work.

**Jiangsu Governor at Ethylene Project Meeting**  
OW2807181988 Nanjing Jiangsu Provincial Service  
in Mandarin 2200 GMT 23 Jul 88

[Text] After the first phase 300,000 metric ton capacity ethylene project was completed and went into operation in July last year, the Yangzi Petrochemical Company again made significant progress in its second phase project this year. This was revealed at the fifth meeting of the leading group of the Yangzi Ethylene Project,

which ended yesterday. Leading Comrades Gu Xiulian, (Li Yizhong), and (Dai Shengzhi) were at the meeting to study and lay out preparatory work for the operation of the second-phase project.

The second-phase Yangzi Ethylene Project consists of five large petrochemical installations. The project started in the latter half of 1986, in parallel to the construction of the first-phase project. With a total investment of about 3.4 billion yuan, it has an operational capacity 1.7 times that of the first-phase project.

### Central-South Region

**Minority Autonomous County Formed in Guangxi**  
OW2807230288 Beijing XINHUA in English  
1417 GMT 28 Jul 88

[Text] Nanning, July 28 (XINHUA)—The Dahua Yao Nationality Autonomous County has been set up in south China's Guangxi Zhuang Autonomous Region.

This is the ninth autonomous county for the Yaos, one of China's 55 minority nationalities. It covers about 2,716 sq km and has a total population of 385,000, including 87,000 ethnic Yaos, who account for 22.5 percent.

The newly-formed county also accommodates Zhuangs and Hans.

The Yao nationality has its own oral language but no written characters; they use the Han language for writing. Some Yaos can speak the Han and Zhuang languages as well.

They are mainly agricultural and grow maize, rice, sesame, cotton and sugarcane.

### Southwest Region

**Sichuan Phone Conference on Production Safety**  
HK2807154788 Chengdu Sichuan Provincial Service  
in Mandarin 2200 GMT 27 Jul 88

[Text] In view of the two recent consecutive fatal ship accidents, last night the provincial government called an urgent phone conference, stressing safety in production.

Governor Zhang Haoruo presided over the meeting.

In his speech, Vice Governor Xie Shijie pointed out: This year safety in production is uneven in development in the province. Safety in production of some industrial enterprises has improved, but road and transport safety is being jeopardized. Untoward and dreadful accidents have occurred one after another, and in particular the two tragic ship accidents which happened in succession in the second half of July this year were really shocking.

Comrade Xie Shijie continued: The apparent causes leading to these alarming accidents reside in the fact that leading cadres and persons directly involved lack the sense of

attaching primary importance to safety, rules and regulations for safety in production are not strict, responsibilities are dubious, and some people fail to observe rules and regulations in work. In addition, some enterprises and individuals blindly seek profits and value money rather than the lives of workers. In consequence, some accidents which could have been avoided became disasters.

Comrade Xie Shijie noted: The provincial government should assume certain responsibility for the failure to give more guidance to safety in production, to intensify education in this aspect, and to supervise and examine work relating to safety in production in the past few months. To prevent the people's lives and property and the state's economic construction incurring any heavy losses in the future, the provincial government calls on the whole province and departments at all levels to galvanize themselves into immediate action to take safety in production as a task of primary importance at present. To this end, a system of responsibility for safety in production should be introduced at every level and responsibility will first be affixed to leaders for any new accidents. At the same time, a general check on safety in production should be launched at once throughout the province, with the focus on land and water lines of communication, highways, railways, and passenger flights, as well as on drought and flood control works and dangerous school buildings, the indicator for safety in production should be regarded as the major indicator for assessing the performance of enterprises, and rigorous measures should be taken to strengthen this field of work.

**Tibetan Meeting on Bainqen Erdini Rehabilitation**  
HK2807141288 Lhasa Tibet Regional Service  
in Mandarin 1330 GMT 27 Jul 88

[Text] The Presidium of the First Session of the Fifth Regional People's Congress called its second meeting this afternoon, at which a circular issued by the CPC Central Committee was read out to announce the rehabilitation of Bainqen Erdini Qoigy Gyaincain. The meeting also discussed a comfort letter to be sent by deputies to the Fifth Regional People's Congress to the officers and men of PLA units and Armed Police Force stationed in Tibet and listened to major suggestions put forward by deputies at panel discussions on the government work report.

The meeting was presided over by Sengqen Lozong Gyaincain, standing chairman of the Presidium.

**More State Funds To Restore Tibet Lamaseres**  
OW2807120888 Beijing XINHUA in English  
1055 GMT 28 Jul 88

[Text] Lhasa, July 28 (XINHUA)—More state money is being used to restore lamaseres in the Tibet Autonomous Region.

In the past few years, 43 lamaseres in Tibet's Shannan Prefecture have been renovated using state funds and another 200 smaller temples and shrines built with funds raised by local congregations.

Dandzim Gyaco, a member of the Standing Committee of the regional committee of the Chinese People's Political Consultative Conference, said, with more lamaseres renovated in Ngari Prefecture, many pilgrims from other areas including neighboring Gansu and Qinghai Provinces and Nepal and India are coming to worship.

Many of Tibet's lamaseres are now operating farms, shops and clinics to earn money enough to pay for their own upkeep, in addition to using state allocations, he added.

The Zhaxi Lhunbo lamasery in Tibet's Xigaze Prefecture earned 800,000 yuan (216,000 U.S. dollars) from commercial projects last year and no longer depends on the state to support its 752 lamas.

"Now we can spend all of the 100,000 yuan (27,000 U.S. dollars) the state allocates each year on temple renovations and new facilities," said Namgya Cewang, the head lama of the Zhaxi Lhunbo Lamasery.

**North Region**

**Beijing People's Congress Committee Opens**  
SK2807071288 Beijing BEIJING RIBAO  
in Chinese 5 Jul 88 p 1

[Text] The third Standing Committee meeting of the ninth municipal People's Congress opened on 4 July.

There were eight items on the meeting's agenda: The meeting shall examine and approve the "Beijing municipal (revised draft) regulations on 'enforcement of the PRC's law on prevention of air pollution'"; preliminarily examine and discuss the "Beijing municipal (draft) regulations on managing afforestation in suburban areas" and the "Beijing municipal (draft) regulations on protecting consumers' legal rights and interests"; hear the municipal government's report on the work concerning traffic management; examine and approve the "Beijing municipal (draft) resolutions on enforcement of 'the PRC's regulations on traffic management'"; hear and examine the municipal government's report on the work of handling the motion on "adopting effective measures for grasping the vegetable basket's"; hear the municipal government's report on handling the motion on "urgently expanding the Dongzhimen long-distance bus station or moving the bus station to Zuojiazhuang" and its report on preventing type-A hepatitis and intestinal infectious disease in summer and autumn; and decide the items concerning appointment of some members of the municipal government and of chief procurators of branches of the municipal People's Procuratorate.



At the meeting, members of the Standing Committee first heard the explanation of the (revised draft) regulations on enforcement of the PRC's law on prevention of air pollution, made by Wen Yiyou, chairman of the Urban Construction Commission under the municipal People's Congress Standing Committee. The draft regulations were submitted to the second Standing Committee meeting for preliminary examination and discussion. Members set forth many opinions on revising the regulations. In close accordance with the municipality's actual conditions, the urban construction commission solicited opinions from all fronts, conscientiously revised the original regulations in order to protect and improve the municipality's air quality, and again submitted it to the third Standing Committee for examination.

After that, Li Yongfang, director of the municipal forestry bureau, explained the (draft) regulations on afforestation management on the outskirts of the municipality.

"The (draft) regulations on protecting consumers' legal rights and interests" were also submitted to the third Standing Committee meeting for preliminary examination. Meng Xuenong, director of the municipal industrial and commercial administrative bureau, explained the regulations. He said: In the course of developing the commodity economy, a small number of enterprises and individuals paid attention only to economic results and neglected social benefit and they adopted various illegal means to damage the consumers' interests. The regulations were made in order to upgrade consumers' self-protection capability, upgrade managerial personnel's ideological understanding of assuming responsibility for consumers, and intensify the judicial and administrative means and social supervisory role for protecting the consumers' legal rights and interests.

Zhao Pengfei, chairman of the Standing Committee of the municipal People's Congress, presided over the meeting. Attending the meeting were vice chairmen of the Standing Committee of the municipal People's Congress, including Ma Yaoji, Li Guang, Xia Qinlin, Xing Jun, Tan Yizhi, Tao Dayong, Pu Jiexiu, Chen Mingshao, and Rong Yi. Attending as observers were Zhang Baifa, municipal vice mayor; Liu Yunfeng, president of the municipal Higher People's Court; He Fangbo, chief procurator of the municipal People's Procuratorate; and responsible comrades of the district and county People's Congress standing committees.

#### **Committee Meeting Ends**

SK2907015588 Beijing BEIJING RIBAO  
in Chinese 8 Jul 88 p 1

[Text] After 4 days of enthusiastic, excited, and earnest work, the third Standing Committee meeting of the ninth municipal People's Congress successfully ended yesterday after completing its last discussion topic.

Through the committee members' conscientious and meticulous discussions, the meeting discussed and adopted the "Beijing municipal regulations on enforcement of the PRC's

law on preventing air pollution." The meeting maintained that the implementation of the regulations will be conducive to enforcement of the "PRC's law on preventing air pollution" in the municipality, protecting and improving the atmospheric environment, and guaranteeing the people's health. The meeting called on governments at all levels and departments concerned to conscientiously implement the regulations and to do a good job in protecting the municipal environment.

The meeting also heard a report on behalf of the municipal government given by Cheng Yi, director of the municipal public security and traffic management bureau, on implementing the "PRC's regulations on road traffic management," and discussed and adopted the "Beijing municipal resolution on implementing the PRC's regulations on road traffic management." Cheng Yi said: The former "Beijing municipal provisional regulations on road traffic management" was formulated under the situation in which there were no unified road traffic management regulations in the whole country. During the 6 years of implementation, the "provisional regulations" have played an active role and contributed to improving the capital's traffic management situation and reducing losses of state and the people's property and lives. Despite the fact that the "provisional regulations" are identical in principle with the present regulations issued by the State Council, we see that the State Council's regulations have comprehensively and specifically stipulated the country's road traffic management. We suggest efforts be made to abolish the "provisional regulations" beginning 1 August.

The meeting also initially discussed the "Beijing municipal (draft) regulation on managing afforestation in suburban areas" and the "Beijing municipal (draft) regulation on protecting consumers' legal rights and interests." The committee members maintained that it is necessary to formulate these two (draft) regulations and offer many suggestions for revision. After revision, these two (draft) regulations will be submitted to the Standing Committee for discussion. The meeting also heard a report on behalf of the municipal government by Huang Jicheng, assistant mayor and chairman of the municipal administration management committee, on handling the motion of "urgently expanding the Dongzhimen bus stations or moving the bus station to Zuoqiazhuang."

Concerning the matter of appointments, the meeting decided on some of the new municipal government personnel. Yesterday, on behalf of Mayor Chen Xitong, Vice Mayor Zhang Jianmin introduced 11 newly nominated personnel to the People's Congress Standing Committee and explained their situations to the meeting. The 11 nominated comrades came to the meeting to meet with the committee members. Through the committee members' conscientious discussions, the appointments of these 11 government personnel were finally adopted through voting by means of an electronic voting system. Yesterday afternoon Chairman Zhao Pengfei presented appointment certificates to these 11 comrades on half of

the municipal People's Congress Standing Committee. So far, adding the number of government personnel adopted at the last Standing Committee meeting and at this meeting, we have a total of 52 municipal government personnel.

The 4-day meeting was presided over by Zhao Pengfei, Ma Yaoji, and Li Guang. During the meeting, Vice Mayor He Luli also attended the meeting to hear suggestions.

**Inner Mongolian Meeting on Wool, Cashmere Markets**  
*SK2807112088 Hohhot Inner Mongolia Regional Service in Mandarin 2200 GMT 25 Jul 88*

[Excerpts] Bu He, chairman of the regional government, led responsible persons of the General Office, the Economic Commission, and the department of economic relations and trade to hold an on-the-spot office meeting from 19 to 20 July in the city of Dongsheng to solve the current prominent problems of disorderly management of wool and cashmere markets and of the lack of operational decisionmaking power in the cashmere sweater plant in Ih Ju League. The meeting also decided to thoroughly relax control over the price of wool, strengthen market management in line with the law, and give greater operational rights to enterprises.

Our region is an area where wool and cashmere resources are concentrated. Its cashmere output accounts for 50 percent of the country's total output and accounts for more than 25 percent of the world's total.

The sweaters produced by the cashmere sweater plant in Ih Ju League are exported to more than 20 countries and regions and are renowned at home and abroad. However, along with the upward trend in international cashmere output and the opening of domestic markets over the past few years, the war of fighting for cashmere resources is becoming acute, and the price of wool is rising continuously.

Some lawless persons sell inferior and fake products, and some cadres have engaged in the business in an effort to seek benefits. The inspection of wool quality is not strict. All this affect the quality of cashmere. Under the new circumstances, the problems of over-rigid control of the processing of cashmere and irrational profit distribution exist.

On the basis of analyzing the current wool market situation and listening to opinions from various quarters, Bu He put forward several principles for solving the aforementioned problems.

1. The price of wool and cashmere should be thoroughly decontrolled, and the production and sales of cashmere should be organized according to market demand and price changes. All localities should put forward price guidelines in line with market quotations from different periods.

2. It is necessary to strictly inspect the quality of products. The purchase price of wool and cashmere should be fixed according to quality. Production plants and purchasing departments have the right to refuse to purchase substandard products. Purchasing and commodity inspection departments should be dealt with strictly in line with laws if they sell inferior and fake products or engage in malpractices for selfish ends. It is necessary to strengthen auditing, supervision, and management over cases of this nature which have already occurred.

3. Administrative organs and cadres are strictly forbidden to engage in commerce. Government departments and business firms should be given the same punishment if they collude with one another and abuse their powers to seek personal gains. [passage omitted]

4. Sumu [township-size administrative units] should be permitted to sell their wool directly in an effort to reduce intermediate links. Cashmere processing enterprises and cashmere producing areas may establish production and marketing cooperation relations through service and some necessary [words indistinct] and may entrust the grass-roots supply and marketing cooperatives to buy cashmere and to fix the prices according to quality.

5. It is necessary to do a good job in building production bases and protecting cashmere resources. Governments at all levels should strengthen the building of sheep-raising bases. The foreign trade departments, supply and marketing cooperatives, and cashmere processing plants should also grasp the building of bases and offer plans for linking investment with animal by-products. The fixed-quota grassland management fees should be added to cashmere sold to places outside the region, and these fees should be used for building the bases.

6. It is necessary to do a good job in conducting propaganda and education on safeguarding the prestige of cashmere resources. [passage omitted]

Bu He also mentioned giving operational decisionmaking powers to the cashmere sweater plant in Ih Ju League. [passage omitted]

**Northeast Region**

**Jilin's He Zhukang at Town-Enterprises Meeting**  
*SK2807110788 Changchun Jilin Provincial Service in Mandarin 2100 GMT 24 Jul 88*

[Text] The provincial meeting on exchanging the experience gained in deepening the drive to conduct reform among town-run enterprises concluded on 24 July. During the meeting, the participating comrades analyzed and studied the new situation and problems arising in the development of town-run enterprises. They also exchanged the experience they gained in conducting reform among town-run enterprises and defined tasks and [words indistinct] for accelerating the drive to conduct reform among town-run enterprises.



In summarizing the situation in conducting reform among town-run enterprises at all levels, the participants pointed out during the meeting that our province's program of conducting reform among town-run enterprises had been carried out along with the overall activities of conducting reforms in both urban and rural areas. The development of town-run enterprises has now entered a new stage in which there are both favorable circumstances and difficulties. Therefore, the drive to conduct reform in this regard has also entered a crucial stage in which ideas of creating something new are mingled with ideas of conservatism. We should further emancipate our minds to accelerate the pace of developing town-run enterprises.

A good job should now be done in urgently dealing with problems in the following areas:

1. Efforts should be made to boldly adapt policies and to implement them satisfactorily and in a lively way to create a micro-climate for developing town-run enterprises.
2. Efforts should be made to open or build small economic zones to upgrade the standard of opening to the outside world.
3. Efforts should be made to enhance the sense of markets, to perfect market systems, to strive to achieve development in opening both domestic and international markets, to vigorously develop the export-oriented economy, and to accelerate a balance in markets of key production factors by concentrating on enlivening rural money markets.
4. Efforts should be made to set up intermediate service companies and enhance the socialization of services.

He Zhukang and Wang Zhongyu were present at the meeting and put forward their opinions on making a success in the experience-exchange meeting.

Provincial Vice Governor Hui Liangyu also attended the meeting and delivered a speech.

During the meeting on the afternoon of 24 July, the provincial town enterprise administration bureau declared the namelist of advanced town-run enterprises which had won prizes provided by the ministries concerned and by the provincial authorities and the namelist of fine-quality products appraised by the provincial authorities. Responsible personnel from the bureau also presented citations and cups to representatives of the awarded units.

### Northwest Region

**Xinjiang PLA Leader Urges Strengthening Borders**  
*HK2907020788 Urumqi Xinjiang Regional Service  
in Mandarin 0000 GMT 29 Jul 88*

[Text] CPC Central Committee member and Xinjiang Military District Commander Gao Huanchang pointed out during a recent inspection of PLA units' work in

northern and southern Xinjiang: The strategic idea of strengthening the border and consolidating the state, which the military district has recently embraced to suit the new international and domestic situation, accords with the objective laws of military building in peacetime and also with the actual conditions in Xinjiang. In the sense of all-people national defense, this is not only the glorious mission of the units of the military district but can also be described as the common task of the party, government, army, and people in Xinjiang.

Gao Huanchang said: The strategic idea of strengthening the borders and consolidating the state has an inherent relationship and rich content. In Xinjiang, the state can only be consolidated if the borders are strengthened; and it is essential to strengthen the borders in order to consolidate the state. In a broad sense, strengthening the borders and consolidating the state includes military construction and political and economic construction. As far as the PLA units of the military district are concerned, in peacetime we must not only fulfill the military tasks we shoulder, but must also fulfill our heavy political and economic responsibilities. In this sense, the burden of the PLA units in Xinjiang has become heavier, not lighter, and the demands placed on us by the party and people are higher, not lower.

While inspecting PLA units' work in Yili, Kashi, and elsewhere, Comrade Gao Huanchang said: In fulfilling the strategic task of strengthening the border and consolidating the state, we should rely not just on the strength of our armed forces and the consolidation of border defense, but also on the vigorous support and close cooperation of the people of all nationalities. He called on the commanders and fighters to firmly establish the idea that Hans and minority nationalities cannot do without each other and do more tangible deeds for the people of all nationalities in Xinjiang, thus making new contributions to the advance of nationality solidarity in Xinjiang.

While inspecting the work of the PLA units, Gao Huanchang also called on the commanders and fighters to actively take part in the autonomous region's economic construction and make efforts to promote Xinjiang's social, economic, and cultural development and improve its productive forces.

Gao Huanchang stressed: To fulfill the strategic task of strengthening the border and consolidating the state, it is also necessary to advocate and carry forward the spirit of offering unselfish tribute. Unless a few people offer unselfish tribute, the majority cannot get rich through hard work. There can be no tranquillity in the country without the spirit of dedication to the country. The borders of our great motherland are the results of the struggles of the outstanding sons and daughters of the Chinese nation, advancing wave upon wave, over the past several thousand years, and were won through the dedicated spirit of tens of thousands of pioneers.

He called on the commanders and fighters to establish a new concept of making contributions and gain new merit in strengthening the borders and consolidating the state.



**15-Member Observation Group Arrives in Beijing**  
*OW2807201888 Beijing XINHUA Domestic  
Service in Chinese 1407 GMT 28 Jul 88*

[Text] Beijing, 28 Jul (XINHUA)—A 15-member Taiwan "China mainland affairs observation group" flew to Beijing from Guangzhou early this morning. Responsible persons of the All-China Federation of Taiwan Compatriots met the group at the airport.

The observation group is composed of five aides to Taiwan's "members of the Legislative Yuan" and some reporters. During their stay in Beijing, they will tour places of historic interest and scenic beauty, visit the Chinese Academy of Social Sciences and Beijing University, and hold discussions with Taiwan compatriots residing in Beijing.

The group arrived in Guangzhou from Hong Kong on 26 July. Members of the group spent 1 day visiting the Sun Yat-sen Memorial Hall, the Tomb of 72 Martyrs at Huanghuagang, and the Yuexiushan television tower in Guangzhou. They hope that the visit will enable them to have more perceptual understanding of the politics, economy, culture, and other social aspects on the mainland.

**Authorities Ban History Society's Mainland Visit**  
*HK2907095588 Beijing ZHONGGUO XINWEN  
SHE in Chinese 1327 GMT 28 Jul 88*

[Report: "Taiwan Authorities Suddenly Withdraw Approval for the Mainland Survey Visit by a Group Formed by the Taiwan History Society"]

[Text] Hong Kong, 28 Jul (ZHONGGUO XINWEN SHE)—News from Taipei: The Entry and Exit Administrative Bureau of Taiwan's "Ministry of Interior"

yesterday abruptly banned the mainland survey group of the Taiwan History Society from visiting the mainland on the grounds that it would be "violating current national policies." The survey group has lodged a serious protest against the Taiwan authorities concerned.

According to today's LIEN-HO PAO [UNITED DAILY NEWS], the mainland survey group, composed mainly of the principal members of the Taiwan History Society, is scheduled to leave for the mainland tomorrow to gather materials and to exchange what they have gained in research with their mainland counterparts. Moreover, all the group members have gone through all the exit formalities. However, yesterday all of the group members received a "withdrawal of exit permits" notice from the Entry and Exit Administrative Bureau. The notice asserted that the current trip by members of the Taiwan History Society is "in variation with the former particulars of their applications and in violation of current national policies."

The newspaper said: Expressing strong dissatisfaction with this move taken by the authorities, the Taiwan History Society gave a press conference at the last moment last night and made a serious protest with newly appointed "Interior Minister" Hsu Shui-te. Wang Hsiao-po, president of the Taiwan History Society, pointed out: The survey group is purely an academic one. On 18 June the society adopted an agreement and clearly stated that group members should take care of their own expenses in going to the mainland and not receive subsidies from any organizations or individuals and that "all political activities are banned." Wang Hsiao-po indicated: Apart from lodging a serious protest, the society will demand compensation for all losses according to the law and an open reply from the Taiwan authorities concerned.

**Mainlanders Can Now Visit Sick Relatives**  
*OW2907060088 Taipei CNA in English 0241 GMT*  
29 Jul 88

[Text] Taipei, July 29 (CNA)—The government has announced a draft decree to allow compatriots on the Chinese mainland to visit sick relatives or to attend the funerals of close relatives in Taiwan, the National Police Administration disclosed Thursday.

Wang Yuan-jen, director of the Bureau of Entry and Exit, said that the draft, currently being examined by the Interior Ministry, was based on humanitarian grounds to allow mainlanders to visit the free bastion of national reconstruction.

The main points of the draft include:

—Those who want to visit sick relatives or to attend the funerals of such close relatives as parents, children and spouse in Taiwan are qualified to apply for an entry permit.

—The entry permit will be valid for one month, possibly to be extended for an additional month's stay in Taiwan. The number of funeral visitors is unlimited but visitors to sick relatives are limited to two persons.

—A guaranty signed by a second grade public servant, and a certificate of death or sickness issued by a public hospital in Taiwan are required when applying for the entry permit.

Wang noted that visitors to sick relatives will be given a single entry permit while funeral visitors can apply for multiple entry which can be granted by ROC [Republic of China] representative offices abroad or requested directly by local relatives.

**Rules Allow Mainland Publications Importation**  
*OW2807181688 Taipei CNA in English 1645 GMT*  
28 Jul 88

[Text] Taipei, July 28 (CNA)—The Government Information Office [GIO] Thursday announced a new set of regulations governing the entry of various publications from the Chinese Communist-controlled areas.

Announcing the new regulations, GIO director-general Shaw Yu-ming told the press that a step-by-step relaxation is the government's basic policy in handling cultural exchanges between the two sides of the Taiwan Strait.

The new regulations, he said, show that the government has the determination and sincerity to effect such a relaxation, which has become necessary since the ROC's [Republic of China's] revised policy of permitting mainland visits to relatives has increased cultural contacts between people here and their mainland compatriots.

Shaw said the regulations fully reflected public opinion and will meet the nation's current needs.

All publications, motion pictures, radio and television programs which originate on the Chinese mainland, as well as those issued by Communist Chinese organizations or individuals in free countries, will be subject to the regulations whether they are carried into the nation, mailed, or brought in by any other way.

The new regulations will still ban the import of publications that preach communism, carry communist emblems, contain rumors and untruths, or violate the nation's existing laws governing publications, motion pictures, and radio and television programs.

An exception will be made, however, for government organizations, academic institutions, and mass media which may import such publications after receiving special permission from the GIO.

Communist Chinese publications concerning science, technology, culture, medicine, and tourism may be brought into the ROC after such inappropriate parts as the communist emblems are removed, according to the regulations.

Applicants who want to reprint Communist Chinese publications in the ROC will be required to present authorization contracts or other relevant documents. Such contracts, the new regulations require, may be signed directly between ROC publishers and mainland Chinese authors or copyright holders either in free countries or on the Chinese mainland. Contracts signed in free countries must be certified by notaries public or ROC representatives.

All applications will be handled on a first-come-first-serve basis. Should disputes occur, competing applicants should resolve their problems in court.

Shaw also told the press conference that the government has not yet lifted the ban on ROC citizens making movies on the mainland. However, he added, this does not mean that the government will not reconsider its stance in the future.

As for movies made on the Chinese mainland, Shaw said their import will, in principle, be considered on a case by case basis.

**Chien Notes Less Dependence on U.S. Market**  
*OW2807155788 Taipei CNA in English 1040 GMT*  
28 Jul 88

[Text] Taipei, July 28 (CNA)—Fredrick Chien, former ROC [Republic of China] representative in the United States, said Wednesday that a decrease in the ROC-U.S. Trade deficit to U.S. \$10 billion this year would reduce

Taiwan's dependence on U.S. markets, as well as trade friction between the two countries, according to a "UNITED DAILY NEWS" dispatch from Washington.

Chien added that according to the current trend, both Taiwan's reliance on the United States and the trade deficit are diminishing.

The former ROC representative in Washington, D.C. went to the capital city July 23 to wrap up affairs, before he returns to Taiwan to take up his new post as chairman of the Council for Economic Planning and Development. [CEPD]

In his new capacity as CEPD head, Chien said the council's effectiveness depends on coordinating among institutions rather than carrying out all policies itself.

He listed the council's five basic duties as coordinating among government institutions, businessmen, scholars, private institutions, and the public.

Chien is due to return to Taiwan Aug. 12, and former Foreign Affairs Minister Ding Mou-shih is due to replace him as representative in Washington in September.

**Athletes Still Barred From Mainland Competition**  
OW2807171688 Taipei CNA in English 0336 GMT  
28 Jul 88

[Text] Taipei, July 28 (CNA)—The Education Ministry made it clear Wednesday that it will in no way permit Republic of China athletes to compete on the Chinese mainland before it can implement the resolution governing mainland exchanges adopted by the 13th National Congress of the ruling Kuomintang.

Representatives from the Chinese Taipei Olympic Committee, the Republic of China Amateur Sports Federation, and the Education Ministry's Physical Education Department met at the central library Wednesday afternoon to coordinate national sports affairs.

Li Ching-hua, secretary-general of the Chinese Taipei Olympic Committee, asked the Education Ministry officials present to make clear the ministry's stance on local sportsmen competing on the other side of the Taiwan Straits.

"At present, our reply is still no, and it is not in my position to predict whether the stance will change tomorrow," Chang Chih-lan, director of the ministry's Physical Education Department said.

Chang said the Education Ministry has not yet received any instructions regarding the issue.

Meanwhile, Wu Ching-kuo, a member of the International Olympic Committee, called on the Peiping regime not to mar the Olympic spirit by highlighting political elements in the 1990 Peiping Asian Games.

**Premier Urges Cabinet To Implement New Policies**  
OW2907043588 Taipei CNA in English 0239 GMT  
29 Jul 88

[Text] Taipei, July 29 (CNA)—Premier Yu Kuo-hua Thursday instructed government officials in both adopting and implementing policies to be decisive and to fulfill their duties fearlessly.

Government officials should not ask for Cabinet directives at every turn, nor should they follow routine procedures without thinking about improvements, Premier Yu said.

The Cabinet, Yu said, will support without hesitation any policy decided on by government officials as long as these policies are in the nation's interests or to the public's benefit.

Premier Yu was speaking at Thursday's Cabinet meeting, the first held since the major Cabinet reshuffle during which 15 portfolios changed hands.

The premier said that the lineup was made after taking both forward-looking and overall elements into consideration. With their erudition and excellent experience, all the new Cabinet members will surely be able to assume the burdens of the times, a confident Yu noted.

During the meeting, Yu also gave several other directives to the Cabinet members present:

—The party platform adopted by the 13th Kuomintang National Congress should be quickly adopted as government policies and thoroughly implemented.

—Government agencies should cooperate more closely, with each agency fully expressing its opinion during the policymaking process and then, once a decision has been made, should forget its partial viewpoints and work to ensure the newly adopted policy is carried out successfully.

—Young, talented government officials should be given the chance to gain greater experience; in doing this, public functionaries can be trained to shoulder greater responsibilities and government agencies can be rejuvenated; and

—Government officials should give greater attention to public opinion.



**Macao**

**Governor Melancia Visits Guangdong Province**  
*OW2807214488 Beijing XINHUA in English*  
1452 GMT 28 Jul 88

[Text] Guangzhou, July 28 (XINHUA)—Macao Governor Carlos Melancia, his wife and their party, arrived here this noon on a four-day visit to Guangdong Province at the invitation of Governor Ye Xuanping.

In the afternoon, Ye Xuanping held a meeting with Melancia. At a press conference following the meeting, Ye said that the two sides expressed their satisfaction over the development of the friendly and cooperative relations between Guangdong and Macao in the past few years.

The two sides have expressed their willingness to strive for the strengthening of the bilateral cooperation and a prosperous economy in the two areas in line with the Sino-Portuguese Joint Declaration on Macao, Ye said.

Melancia said that Macao is willing to strengthen cooperation with Guangdong in economy, trade, culture, education and public health, and to make Macao develop steadily according to the joint declaration.

During the meeting, Melancia also invited Ye to visit Macao. Ye accepted the invitation with pleasure.

In the evening, Ye gave a banquet in honor of Melancia and his party.

Ye said that after the signing of the Sino-Portuguese Joint Declaration on Macao, the development of the relations between Guangdong and Macao have entered into a new period. He expressed the belief that the visit of Melancia will surely further promote the bilateral cooperation and the economic development in the two areas.

Melancia said that the joint declaration has fixed the future development of Macao, adding that Macao and Guangdong should cooperate in their economic development because the two areas have forged a lot of links since long ago.

Melancia also expressed his belief that Macao will win the support and cooperation from Guangdong in its future projects in the field economic construction.

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